

Fiscal Year 2001-2002



Fast Facts and Talking Points

Louisiana House of Representatives
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TABLE OF CONTENTS

FAST FACTS ON 2001 BUDGET ACTIONS.....	1
TALKING POINTS ON 2001 BUDGET ACTIONS.....	17
BUDGET SUMMARY.....	17
CAPITAL OUTLAY	25
LEGISLATION OF FISCAL INTEREST	27
K-12 EDUCATION.....	33
HIGHER EDUCATION	39
HEALTH AND SOCIAL SERVICES.....	45
<i>Medicaid.....</i>	<i>45</i>
<i>Public Health.....</i>	<i>47</i>
<i>Mental Health.....</i>	<i>48</i>
<i>Developmental Disabilities.....</i>	<i>49</i>
<i>Addictive Disorders.....</i>	<i>50</i>
<i>Social Services.....</i>	<i>51</i>
<i>Health Care Services Division (HCSD) Hospitals.....</i>	<i>52</i>
TRANSPORTATION.....	53
MILITARY AND VETERANS AFFAIRS.....	55
<i>Military Affairs</i>	<i>55</i>
<i>Veterans Affairs</i>	<i>56</i>
PUBLIC SAFETY AND CORRECTIONS	57
<i>Corrections.....</i>	<i>57</i>
<i>Public Safety.....</i>	<i>59</i>
ECONOMIC DEVELOPMENT	61
<i>Reorganization of the Department of Economic Development</i>	<i>61</i>
<i>Other Economic Development</i>	<i>62</i>
TOURISM AND CULTURAL DEVELOPMENT	64
AGRICULTURE AND FORESTRY	65
OTHER GENERAL GOVERNMENT.....	66
<i>Executive Department</i>	<i>66</i>
<i>Elections.....</i>	<i>67</i>
<i>Natural Resources.....</i>	<i>67</i>
<i>Environmental Quality.....</i>	<i>68</i>
<i>Labor.....</i>	<i>68</i>
<i>Other Requirements</i>	<i>69</i>
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	71
TOBACCO FUNDS	75
<i>Millennium Trust.....</i>	<i>75</i>
<i>Louisiana Fund.....</i>	<i>76</i>
<i>Tobacco Securitization.....</i>	<i>76</i>

FAST FACTS ON 2001 BUDGET ACTIONS

OVERVIEW

Proposed Budget for FY 01/02

- The Executive Budget reflected the Governor's priorities in education and infrastructure, but also required substantial reductions in Medicaid and support for state operated health care facilities.
- It required many agencies to absorb routine increases in costs such as merit increases, inflation, State Employees Group Benefits Program premiums, and other expenses.
- It also required a reduction of almost 2,700 in the number of authorized positions, primarily in the areas of health, social services, and charity hospitals.

Education Pay Raises – First Extraordinary Session of 2001

- Pay raises were provided for public school certificated personnel and higher education faculty.
- Funding came from dedicating a combination of increased riverboat gaming taxes and land-based casino revenues to the Support Education in Louisiana First (SELF) fund.
- The Legislature approved the Governor's proposal to substantially reduce the land-based casino minimum payment (from \$100 million to \$50 million in the first year and \$60 million thereafter) to improve the facility's economic viability.
- This reduction and provisions to assure continued payments resulted in the Revenue Estimating Conference recognizing land-based casino revenues as recurring for the first time.
- Some \$135 million in SELF Fund is available for pay increases in FY 01/02.
- Public school certificated personnel will receive a \$2,060 pay raise. Faculty pay increases will be based on a plan developed by the Board of Regents and Division of Administration.

Regular Session Budget Priorities

- The Legislature's main budget priority for FY 01/02 was to restore adequate funding for Medicaid and state health care facilities.
- Other important funding issues included the deficit of the State Employees Group Benefits Program, repayment of the Capital Outlay Escrow Account for projects for which the time had lapsed for sale of tax exempt bonds, and pay increases for school support personnel.
- Revenue estimates were revised late in the session, adding \$116.1 million for FY 00/01 and \$123.1 million for FY 01/02.
- This helped the Legislature restore the Executive Budget proposed cuts to Medicaid and most other health areas and to address many of the other funding issues.
- A multi-year plan for use of the accumulated TANF unobligated fund balance was developed to foster self-sufficiency and reduce poverty. \$70 million in TANF funding was added to finance these new initiatives.
- In the corrections area, budget priorities were revised to reflect changes in sentencing requirements and provide increased funding for alternative incarceration programs and rehabilitation of non-violent criminals.

Supplemental Funding for FY 00/01

- The Comprehensive Annual Financial Report (CAFR) for FY 99/00 reflected a deficit of \$80.6 million.
- Inclusion of this deficit in the FY 00/01 budget status resulted in a shortfall of \$29.5 million which was addressed through Executive Order budget reductions in February.
- In March, a special committee of the Revenue Estimating Conference identified \$76.4 million of the deficit reported for FY 99/00 related to tax refunds that had already been accounted for in the revenue forecast for FY 00/01.
- This \$76.4 million was appropriated to address the deficit in the State Employees Group Benefits Program and alleviate an impending cash shortfall in the program.
- In April and May, the Revenue Estimating Conference recognized an additional \$116.1 million for FY 00/01. This amount, plus \$5.7 million of the remaining balance in unspent Interim Emergency Board funds, was used to support supplemental funding requirements for FY 00/01.
- Supplemental funding included \$23.3 million for capital outlay projects no longer eligible for tax exempt bonds, \$15.2 million for judgments, \$12.5 million for a pay supplement for school support personnel, \$36.8 million for Medicaid, \$21 million for higher education library materials and scientific equipment, and \$12 million for other supplemental needs.

FY 01/02 Revenues

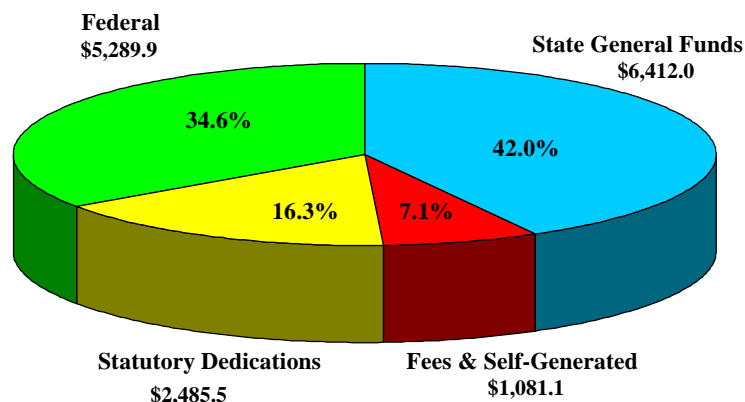
- The official revenue forecast adopted on May 14, 2001 is \$6.508 billion. Of this amount, \$6.411 billion is State General Fund and \$97 million is Lottery Funds.
- After sluggish collections at the beginning of FY 00/01, major revenue sources, such as sales, corporate, personal income and mineral taxes, showed growth late in the year.
- The Revenue Estimating Conference increased both the FY 00/01 and FY 01/02 estimates at its May meeting, adding \$116.1 million for FY 00/01 and \$123.1 million for FY 01/02.
- Compared with SGF revenues at the beginning of FY 00/01, State General Fund estimates for FY 01/02 are some \$299 million greater. Compared with the revised FY 00/01 estimate, revenue growth for FY 01/02 is \$123 million, or 1.9%.

FY 01/02 Budget Growth

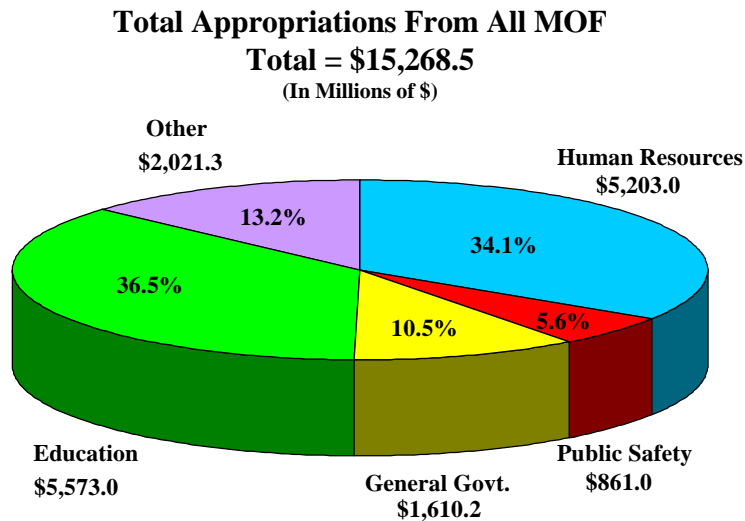
- The State General Fund budget for FY 01/02 is \$6.4 billion compared to a beginning budget of \$6.1 billion in FY 00/01, an increase of \$300 million or 4.9%.
- The total state budget for FY 01/02 is \$15.27 billion compared to the beginning FY 00/01 budget of \$13.93 billion, a growth of \$1.3 billion. Besides the \$300 million in growth from State General Fund revenue, the remainder is the result of increased Federal, Statutory Dedication, and Self-Generated funds. About one-half of this increase reflects spending increases added by budget adjustments during FY 00/01.
- The areas in which this budget growth occurred reflect initiatives in education, infrastructure and economic development, while maintaining necessary health care and social services. Of this total growth, \$560 million was in Medicaid, \$236 million in K-12 education, \$189 million in higher education, \$95 million in capital outlay, and \$70 million in TANF funds.
- This total state budget for FY 01/02 is funded from the following Means of Financing:

Means of Financing = \$15,268.5

(In Millions of \$)



- Total appropriations of \$15.27 billion are distributed among major functional areas as follows:



State Debt and Debt Service

- State Debt is down nearly 50% compared to 1993 when debt reduction became a major Legislative priority.
- The state issued General Obligation Bonds of \$347 million in FY 00/01 and other bond issues have increased total outstanding debt. However, bond sales are still well below the self-imposed limits for General Obligation Bonds and the legal limits on Net State Tax Supported Debt.
- Debt service has increased sharply since FY 99/00 as the savings from prior debt reductions phased out. Debt service on existing bonds will again decline beginning in FY 03/04.
- The State is on target to meet the Constitutional requirement that debt service be 6% or less of state revenues in FY 03/04.

Capital Outlay

The total capital outlay program for FY 01/02 after gubernatorial vetoes is \$3,024.0 million. 32% is allocated to DOTD projects for highways, ports, airports, and flood control, 23% to other state projects, 22% for higher education institutions, and 23% for non-state projects, financed as follows:

\$ 7.4 million	State General Fund
42.8 million	Federal Funds
442.0 million	Federal Transportation Trust Fund
257.5 million	Transportation Trust Fund and TIMED Cash
87.9 million	Other Statutory Dedications, Self-Generated Revenues, Reappropriated Cash
258.3 million	Revenue Bonds
9.0 million	Interagency Transfers

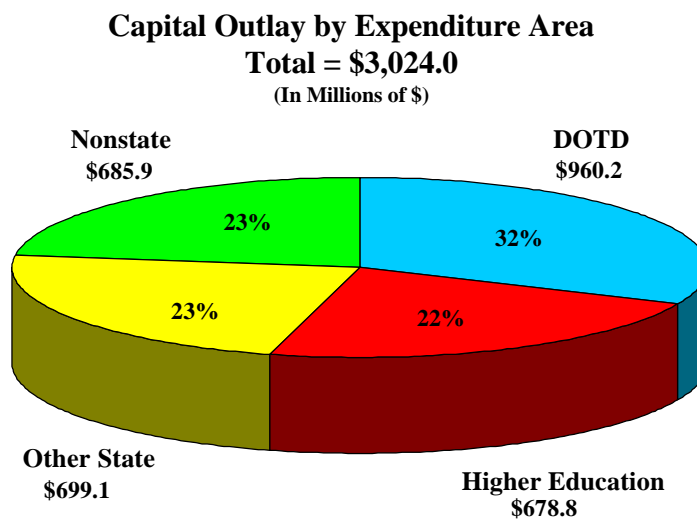
\$ 1,104.9 million Total Cash

924.0 million	Priorities 1 and 2
257.9 million	Priorities 3 and 4
732.5 million	Priority 5

\$ 1,914.5 million Total Bonds

4.7 million	NRP/RBP (previously sold proceeds and prepayment of reimbursement contracts)
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\$ 3,024.0 million Grand Total



K-12 EDUCATION

\$	137.0 million	Increased funding for the MFP to provide a \$2,060 pay raise for certificated school personnel (\$96.8 million from gaming revenues in SELF Fund)
\$	102.0 million	Total funding for the Tuition Opportunity Program for Students
\$	12.5 million	One-time pay supplements of \$328 for noncertificated, unclassified school support employees
\$	32.0 million	TANF funding for Pre-Kindergarten services for at-risk four-year old children (\$15 million), Pre-GED/Skills Options (\$14 million) and After-School Tutorial Programs (\$3 million)
\$	52.0 million	Educational Accountability Initiatives, including: K-8 School Rewards (\$10 million new funding) LEAP 21 Remediation (\$10 million - \$2.5 million new funding) LEAP 21 Tutoring (\$7 million - \$3.2 million new funding) Graduate Exit Exam Summer School (\$3 million new funding) K-8 School Improvement Grants (\$3 million) High School Improvement Grants (\$750,000 new funding) Distinguished Educators (\$4.3 million - \$2.6 million new funding) LEAP Testing Program (\$13.9 million - \$3.9 million new funding)
\$	18.0 million	Education Excellence Funds (Tobacco Settlement Revenues)
\$	210,000	Teacher stipends for receiving certification from the National Board for Professional Teaching Standards certification
\$	14.4 million	Type 2 Charter Schools, including \$1.2 million for Delhi Charter School
\$	500,000	Increased funding for WYES bringing the total funding for that nonlicensee television station in New Orleans to \$720,209 for FY 01/02
\$	480,000	Academic Improvement Fund for continued Internet, on-line information resource availability for all teachers and students in Louisiana

\$17.2 million payable to 55 local systems for FY 00/01 due to error in calculation of FY 99/00 MFP was not paid in FY 00/01. The commissioner of administration has indicated that the payment will be made as soon as sufficient revenues are recognized by the Revenue Estimating Conference.

HIGHER EDUCATION

\$	15.0 million	Formula enhancement funds to be distributed by the Board of Regents
\$	22.5 million	Governor's Information Technology Initiative to enhance economic development and computer related fields at public universities
\$	38.7 million	Funding for faculty pay increases from gaming revenues in SELF Fund
\$	16.4 million	Funding for Library and Scientific Acquisitions
\$	1.6 million	Funding for the Louisiana Endowment for the Humanities
\$	1.45 million	Funding for the Audubon Center for Research of Endangered Species
\$	1.5 million	Funding for emerging community college pool funding to address operational costs and enrollment fluctuations at newly developed community colleges
\$	1.5 million	Community and Technical college pool funding to address enrollment shifts from the public four-year campuses as a result of selective admissions criteria under the new Master Plan
\$	500,000	Funding for the Louisiana Delta Community College
\$	1.0 million	Funding for Master Planning efforts
\$	500,000	Funding for Distance Learning Initiatives
\$	1.8 million	Funding for the Center for Innovative Teaching and Learning
\$	400,000	Funding for the LSU School of Veterinary Medicine to support program needs for accreditation
\$	891,000	Funding for program enhancements at the LSU Senior College located at LSU-Alexandria
\$	500,000	Funding of Epilepsy Center of Excellence at LSU-Health Sciences Center
\$	1.2 million	Funding for research and educational efforts related to fire ants (\$400,000) and termites (\$800,000) at the LSU Agricultural Center
\$	700,000	Funding for LSU School of Law to address personnel and library issues
\$	3.1 million	Funding for the Pennington Biomedical Research Center for a proteomics core lab facility and seed money for nutritional and genetic research areas

HEALTH AND SOCIAL SERVICES

Medicaid

Overall Medicaid growth in FY 01/02, compared with spending in FY 00/01, is 11.1%, while state funds cost for Medicaid grows by 9%. The Medicaid program totals \$4.091 billion for FY 01/02. Significant changes include the following:

\$ 159.4 million	Additional costs of existing Medicaid program due to inflation, utilization, and annualization of eligibility expansions started in FY 00/01
\$ 106.6 million	Additional payments to nursing homes, over FY 00/01 appropriated, for rebasing from Intergovernmental Transfer (IGT) financing mechanism
\$ 38.7 million	Expansion of waiver programs that offer alternatives to long-term residential care for the elderly and developmentally disabled
\$ 26.2 million	Cost report payments to hospitals, rural health clinics, federally qualified health clinics and home health providers
\$ 29.8 million	LaCHIP expansion for parents of Medicaid/LaCHIP eligible children with family income up to 100% of Federal Poverty Level and pregnant women
\$ 12.0 million	Retroactive eligibility for "Section 4913 kids" who lost Medicaid eligibility because of Welfare Reform
\$ 35.7 million	Rate increases for a variety of providers
\$ 11.0 million	Increase in payment for the cost of drugs dispensed by retail pharmacies
\$ 8.9 million	State match for Uncompensated Care payments to small rural hospitals
\$ 17.0 million	Additional payments to public community and small rural hospitals based on IGT collections that exceed \$53.4 million during the year

Public Health

\$ 900,000	Restored state collection and transportation of local water system samples for safe drinking water testing
\$ 820,000	Expanded the School Based Health Program
\$ 600,000	Restored HIV prevention services
\$ 2.8 million	Enhanced the AIDS Drug Assistance Program
(87 positions)	Reduced positions by 4.3%

Mental Health

Reorganized state mental health agencies to integrate hospital and community-based services.

\$ 8.3 million	Maintained civil inpatient and community-based services (\$6.3 million) and provided for court-ordered forensic service enhancements (\$2 million)
121 positions	Increased positions by 3.6%

Developmental Disabilities

Reorganization of state developmental disability agencies was authorized.

- \$ **1.9 million** Restored developmental center services reduced in Executive Budget
- \$ **2.1 million** Restoration and enhancement of community-based programs
- (95 positions) Reduced positions by 1.3%

Addictive Disorders

- \$ **2.6 million** Restored substance abuse prevention and treatment services
- \$ **2.0 million** Enhanced substance abuse treatment services for women with children (TANF funds)
- \$ **2.2 million** Provided treatment for DWI offenders under home incarceration
- \$ **1.5 million** Enhanced compulsive gaming prevention and treatment services
- \$ **2.8 million** Expanded the drug court program (with \$5 million in TANF funds, total drug court funding is \$14.7 million to be transferred to Supreme Court)

Social Services

- \$ **17.6 million** Additional payments in Child Care Assistance Program to address waiting list (\$5.2 million State General Fund)
- \$ **3.6 million** Eligibility staff salary reallocation (\$1.08 million State General Fund)
- \$ **2.5 million** Enhancement of fraud detection and recovery activities including case management and recovery account system (Statutory Dedication)
- (\$ **11.6 million**) Decrease in Federal Funds due to the transfer of emergency assistance and home weatherization services to the Louisiana Housing Finance Authority
- (\$ **2.0 million**) Elimination of 76 positions through personnel reductions and attrition adjustments (\$1.7 million State General Fund)

Health Care Services Division (HCSD) Hospitals

Proposed reductions to HCSD hospital and clinic services and positions were restored.

- \$ **2.8 million** Provides for additional HIV and AIDS drugs for uninsured patients
- \$ **2.6 million** Addresses nursing and medical education issues at Earl K. Long Medical Center.
- \$ **1.6 million** Maintains outpatient clinic services at Leonard J. Chabert Medical Center

Act 1024 of the 2001 Regular Session authorizes HCSD to implement its “business enterprise model” which allows non-State General Fund revenues to be treated as restricted funds. This resulted in \$709 million in Interagency Transfers, Self-generated, and Federal financing being removed from the final appropriated total for HCSD and the total state budget.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

Large balances in TANF federal block grant funds (\$193 million on March 31, 2001) prompted an expansion in TANF-funded services and programs targeted at fostering self-sufficiency and reducing poverty. TANF funds of \$69.9 million were added to support these initiatives.

\$	17.5 million	New Energy Assistance Program
\$	15.0 million	New Pre-Kindergarten Program for at-risk four year olds
\$	14.0 million	New PreGED, Dropout Prevention Program
\$	10.0 million	Expanded education and training services
\$	10.0 million	Wrap-Around Child Care (decreased from \$24 million in FY 00/01)
\$	5.0 million	Drug Court expansion (along with enhancement of \$2.8 million in State General Fund increases total funding of drug courts to \$14.7 million to be transferred to the Supreme Court)
\$	7.0 million	Teen pregnancy prevention
\$	5.0 million	Criminal justice initiatives including Project Return
\$	4.0 million	Expanded domestic violence initiatives
\$	3.6 million	Additional funding for Court Appointed Special Advocates (CASA)
\$	3.5 million	Expanded Transportation services
\$	3.15 million	After-School Tutorial Programs
\$	3.0 million	New Housing Support Services Program
\$	3.0 million	Expansion of the Kinship Care Program
\$	3.0 million	Associated Catholic Charities in New Orleans for faith-based initiatives
\$	2.25 million	Expanded Up-front Diversion Services for youths aging out of foster care
\$	2.0 million	Non-medical substance abuse treatment services for women with children
\$	2.0 million	New Individual Development Account Program
\$	1.1 million	Expansion of Truancy Centers to total of \$3.8 million
\$	1.0 million	New fatherhood programs
\$	1.0 million	New Micro-enterprise Development
\$	750,000	Evaluation and monitoring of new initiatives
\$	100,000	Two additional positions in the Department of Social Services

By designating \$9 million spent on LEAP Remediation in the Department of Education as part of the "Maintenance of Effort" (MOE) required for receipt of the TANF grants, \$9 million in State General Fund was made available to fund the following:

➤ Match for federal funds for Child Care Assistance Program	\$5.2 million
➤ Expansion of drug courts	\$2.8 million
➤ Expansion of Youth Challenge Program	\$1.0 million

TRANSPORTATION

\$	1.5 million	Purchase of a replacement airplane
\$	1.6 million	Contracts for Interstate rest area security and maintenance
\$	1.1 million	Additional statewide signal crew
\$	2.0 million	Improvements to department communications equipment
\$	1.0 million	Upgrade of the PERBA permitting system to allow remote and E-commerce access
\$	4.9 million	Net increase in equipment acquisitions, including over \$2.9 million in the District Operations Program for heavy equipment used by district maintenance crews
\$	200,000	General Aviation and Reliever Airport Maintenance program
\$	220,000	Support for Louisiana Airport Authority

DOTD Managed Capital Outlay Projects

Through several statewide priority programs and other capital outlay projects, DOTD will manage \$960.2 million of capital outlay funds for highways, the TIME program, ports, flood control and aviation projects, funded as follows:

\$	570.5 million	Highway Priority Program, including overlay and preventive maintenance
\$	70.3 million	TIME Program
\$	9.0 million	Hazard Elimination Projects
\$	24.5 million	Port Construction and Development Priority Program, with new project starts up to \$24.5 million
\$	10.0 million	Statewide Flood Control Program, with new project starts up to \$10 million
\$	18.4 million	Statewide Aviation program
\$	223.8 million	Bond financed projects for roads, flood control, and other projects
\$	33.6 million	Other cash-financed projects, including DOTD facilities.

MILITARY AFFAIRS AND VETERANS SERVICES

\$	19.6 million	State and Federal Funding for the Youth Challenge Program, including the operation and maintenance of Hansen's Disease Control Center Carville Complex (\$1 million in new State General Fund)
\$	951,000	Job Challenge Pilot Program (funded with Federal Funds through the Department of Labor, Department of Social Services and State General Funds)
\$	40.2 million	Capital outlay funding of Military Department Projects, including construction, renovation and armory maintenance
\$	11.3 million	Capital outlay funding for construction of a new War Veterans Home and Cemetery

PUBLIC SAFETY AND CORRECTIONS

Corrections

(\$	16.5 million)	Reduction to Sheriffs Housing of State Inmates due to changes in sentencing guidelines
\$	16.8 million	Correctional Security and Probation and Parole Officers base salary increase
\$	10.8 million	Juvenile Justice Settlement Agreement
\$	5 million	TANF funds for the expansion of educational and rehabilitation programs
\$	2 million	Juveniles pending secure and non-secure placement
\$	883,000	IMPACT expansion
\$	79.8 million	Capital Outlay funding for construction and renovations at state correctional facilities

Public Safety

\$	2.7 million	Implementation of the Combined DNA Index System (CODIS) and Forensic DNA program.
\$	4.9 million	Customer service programs and acquisition and implementation of new technology in the Office of Motor Vehicles

ECONOMIC DEVELOPMENT

Reorganization of the Department of Economic Development

- **Acts 8 and 9 of the 2001 Regular Legislative Session provide for the reorganization of the Department of Economic Development, changing its budget structure and funding sources.**
 - Act 8 transfers certain boards and agencies into and out of the department.
 - Act 9 consolidates the remaining Office of Commerce and Industry and Louisiana Economic Development Corporation into the new Office of Business Development, which includes three new programs: Business Services, Resource Services and Cluster Services.
 - Act 9 also consolidates the Economic Development Award Program Fund, the Workforce Development and Training Fund, the Small Business Incubator Fund, and the LEDC Fund into the Louisiana Economic Development Fund totaling \$22.5 million.

Economic Development

\$	1.5 million	State General Fund for expenses associated with reorganization
\$	1.0 million	State General Fund for technology expenses related to making the department “e-ready”
\$	7.5 million	State General Fund for expenses associated with the location of three Service Zone facilities
\$	5.8 million	State General Fund for the LA Technology Park and Solid Systems in the City of Baton Rouge
\$	5.0 million	State General Fund for technology-based economic development initiatives through the Lafayette Economic Development Authority
\$	4.0 million	Allocation for the Economic Development Award Program
\$	1.7 million	State General Fund for the Sugar Bowl, Independence Bowl, and New Orleans Bowl
\$	1.0 million	State General Fund for the Super Bowl XXXVI
\$	508,912	Transfer the Office of Film and Video from the Department of Culture, Recreation and Tourism (\$453,912 State General Fund)

TOURISM AND CULTURAL DEVELOPMENT

\$	2.0 million	Louisiana Library Connection
\$	1.5 million	State Aid to Local Libraries
\$	107,000	Funding of the Louisiana Delta Music Museum in the Secretary of State
\$	162,753	Increase in funding for the E.D. White Historical Site
\$	450,000	Operation and maintenance of property transferred to State Parks from Poverty Point Reservoir

AGRICULTURE AND FORESTRY

\$	34.6 million	Boll Weevil Eradication Program (4 th year of 5-year program)
\$	2.0 million	Formosan Termite Initiative
\$	1.7 million	Restoration of funding and 32 positions proposed for elimination in Executive Budget

GENERAL GOVERNMENT

Executive

\$	6.9 million	Office of Urban Affairs and Development continued with a 30% reduction in funding
\$	6.7 million	Office of Rural Development continued with a 30% reduction in funding
\$	3.0 million	Office of Community Programs for faith-based initiatives to fund Pre-Kindergarten services for at-risk children in New Orleans parochial schools (TANF funds)
\$	7 million	Workforce Commission for education and training (TANF funds)
\$	4.0 million	Office of Women's Services (OWS) for domestic violence programs (TANF funds)
\$	1.0 million	OWS for micro-enterprise development (TANF funds)
\$	2.0 million	Federal Caregiver Program Grant (\$486,092 State General Fund)
\$	3.8 million	Drug Abuse Resistance Education Program (D.A.R.E) continued

Natural Resources

\$	10.0 million	Holly Beach Breakwaters Project
\$	2,993,000	Federal funding for Brown Marsh Research, Mitigation and Nutria Control Project
\$	26.4 million	Coastal Impact Assistance Program
\$	538,000	To develop a plan for management of the groundwater resources of the state

Environmental Quality

(\$	2,012,347)	Transfer of Barataria-Terrebonne National Estuary Program to LUMCON
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Labor

(\$	3.8 million)	Reductions associated with the elimination of 72 positions (\$110,296 State General Fund)
(\$	2.2 million)	Reduction in State General Fund match for the 1 st and 2 nd Welfare-to-Work grants

Other Requirements

\$	500,000	Mass Transit funding increased from Transportation Trust Fund
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TALKING POINTS ON 2001 BUDGET ACTIONS

BUDGET SUMMARY

Proposed Budget for FY 01/02

- The Executive Budget as submitted to the Legislature reflected the Governor's priorities in education and infrastructure as recommended in *Vision 2020*, the state's economic development master plan.
- These funding priorities included pay raises for college faculty and K-12 certificated personnel, the Higher Education Information Technology Initiative, School Accountability, higher education library and scientific acquisitions, development of e-government capability, and economic development projects.
- However, the Executive Budget required substantial reductions in Medicaid and support for state operated health care facilities.
- The Executive Budget also required many agencies to absorb routine increases in costs such as merit increases, inflation, and other unavoidable expenses. Agencies were also forced to cover the increased premium costs of the State Employees Group Benefits Program to avoid increased payments by state employees.
- A reduction of almost 2,700 in the number of authorized positions, primarily in the areas of health, social services, and charity hospitals, was also required under the funding levels in the Executive Budget.

First Extraordinary Session of 2001 – Education Pay Raises from Gaming Revenue

- During the Special Session, the Legislature approved the Governor's initiative for providing public school certificated personnel and higher education faculty pay raises by dedicating a combination of increased revenue from riverboat gaming franchise fees and land-based casino revenues to the Support Education in Louisiana First (SELF) Fund.
- Riverboat gaming fees were increased from the previous 18.5% rate (15% franchise fee and 3.5% license fee) by increasing the franchise fee and providing that all boats remain dockside.
 - Shreveport/Bossier boats, for which dockside gaming was already authorized, will phase-in a 3% increase over two years.
 - The New Orleans boat is subject to a variable rate increase of up to 3% based on monthly revenue.
 - All other boats will immediately pay an additional 3% franchise fee.

- The Legislature also approved the Governor's proposal to substantially reduce the land-based casino minimum payment, from \$100 million to \$50 million (\$60 million in the second and subsequent years). Because this reduction and the easing of other restrictions improves the economic viability of the casino and provides for continuing payments, the Revenue Estimating Conference for the first time recognized revenue from the casino as recurring revenue.
- The conference recognized a total of \$135.5 million in estimated SELF Fund deposits from these sources, \$107.7 million for FY 01/02 and \$27.8 million for FY 00/01.
- Public school certificated personnel will receive a \$2,060 pay raise. Faculty pay increases will be based on a plan developed by the Board of Regents and the Division of Administration.

(See *Legislation of Fiscal Interest*, page 27 for further detail on these changes.)

Regular Session Budget Priorities

- After resolution of the education pay raise issue in the Special Session, the Legislature's main budget priority for FY 01/02 was to restore adequate funding for Medicaid and state health care facilities.
- Other important funding issues that needed to be addressed included the deficit of the State Employees Group Benefits Program, repayment of the Capital Outlay Escrow Account for projects for which the time had lapsed for sale of tax exempt bonds, and pay increases for school support personnel.
- In April and May, the Revenue Estimating Conference recognized additional revenues of \$116.1 million for FY 00/01 and \$123.1 million for FY 01/02.
- These revised revenue estimates late in the session allowed the Legislature to provide the funding needed to address many of these funding issues and to restore most of the Executive Budget proposed cuts to Medicaid and other health areas.
- The restorations eliminated most of the position reductions proposed in the Executive Budget, leaving a net reduction in authorized positions of less than 200.
- The Legislature crafted a multi-year plan to use the accumulated TANF unobligated fund balance to foster self-sufficiency and reduce poverty, beginning with the addition of \$70 million in TANF funding in FY 01/02 to finance these new initiatives.
- The Legislature also rearranged budget priorities in the corrections area to reflect changes in sentencing requirements and provide increased funding for alternative incarceration programs and rehabilitation of non-violent criminals.

Supplemental Funding for FY 00/01

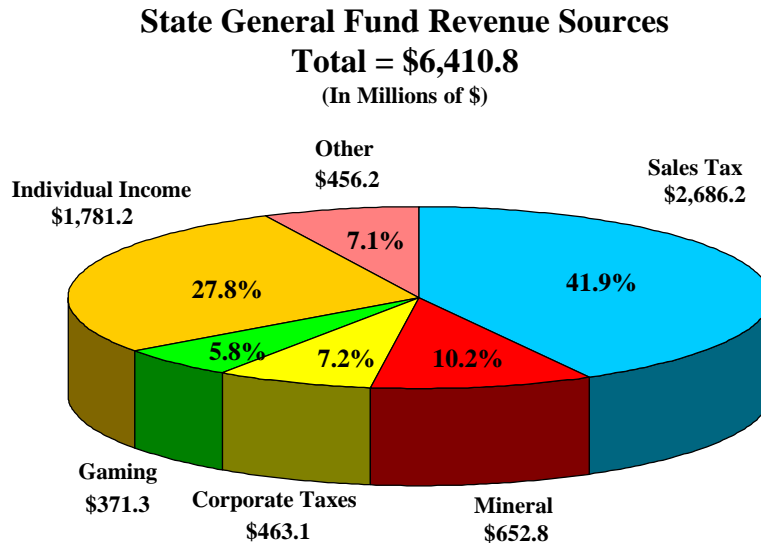
- After incorporating the \$80.6 million deficit shown in the FY 99/00 Comprehensive Annual Financial Report (CAFR) into the February budget status statement, the result was a budget shortfall of \$29.5 million for FY 00/01. The Governor issued an Executive Order (MJF 2001-10) in February implementing budget reductions to address this \$29.5 million shortfall.
- In March, a special committee appointed by the Revenue Estimating Conference identified an overlap between the tax refund liability reported in the CAFR for FY 99/00 and the official revenue forecast for FY 00/01. This meant that a portion of the deficit reported for FY 99/00 had already been accounted for in the revenue forecast for FY 00/01. To adjust for this overlap, the committee recommended that the average of tax refund liabilities over the past five years be used to adjust the budget status statement. This resulted in a positive balance of \$76.4 million. This \$76.4 million balance was appropriated by Act 1 of the 2001 Regular Session to address the deficit in the State Employees Group Benefits Program and to alleviate an impending cash shortfall in the program.
- At the April and May meetings of the Revenue Estimating Conference, \$116.1 million in additional revenue was added to the official forecast for FY 00/01. This amount, plus \$5.7 million of the remaining balance in unspent Interim Emergency Board funds, was used to support supplemental funding requirements for FY 00/01, including the following:
 - \$23.3 million Funding for Capital Outlay projects for which the time had lapsed for use of tax exempt bond funding
 - \$15.2 million Judgments and compromise settlements
 - \$12.5 million Pay supplement for school support personnel
 - \$29.2 million Medicaid funding through La. Medical Assistance Trust fund
 - \$ 7.6 million Medicaid funding for cost settlement payments to hospitals
 - \$21.0 million Higher Education Library and Scientific Acquisitions
 - \$ 6.0 million Funding for two Service Zone facilities through La. Economic Development Fund
 - \$ 6.0 million Other supplemental funding items

FY 01/02 State General Fund Revenues

The Official State General Fund estimate adopted on May 14, 2001 is \$6.411 billion. Compared with SGF revenues at the beginning of FY 00/01, SGF estimates for FY 01/02 are some \$299 million greater.

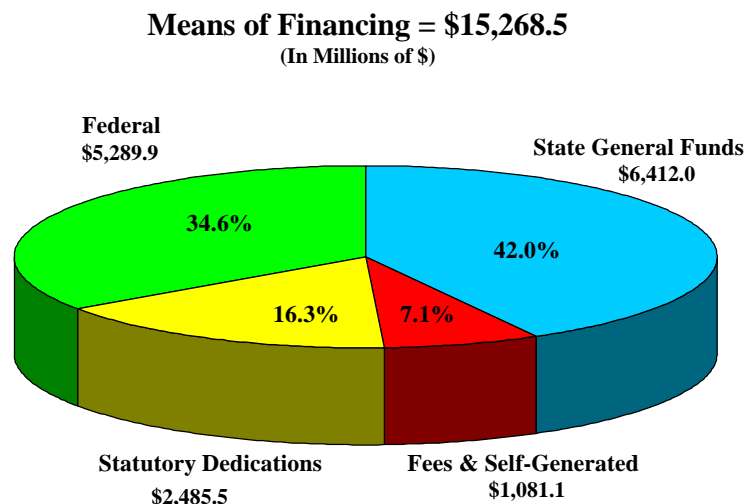
Although collections were somewhat sluggish for the first several months of the year, major revenue sources, such as sales and use taxes, corporate income and franchise taxes, personal income taxes and mineral taxes and revenues all showed growth late in the year. Consequently, the Revenue Estimating Conference increased both the FY 00/01 and FY 01/02 estimates at its May meeting. Compared with the revised FY 00/01 estimate, revenue growth for FY 01/02 is \$123 million, or 1.9%. The Conference also recognized \$97 million in Lottery Funds for FY 01/02.

Sales and use taxes are the largest source of State General Fund revenue, and individual income taxes are the second largest source. Despite strong employment figures, corporate income and franchise taxes are expected to decline in FY 01/02 because of the return of oil prices to the \$23/bbl range rather than the almost \$28/bbl average for FY 00/01. Mineral income is now only about 10% of total revenue. The pie chart below reflects significant SGF revenue sources.



FY 01/02 Means of Financing

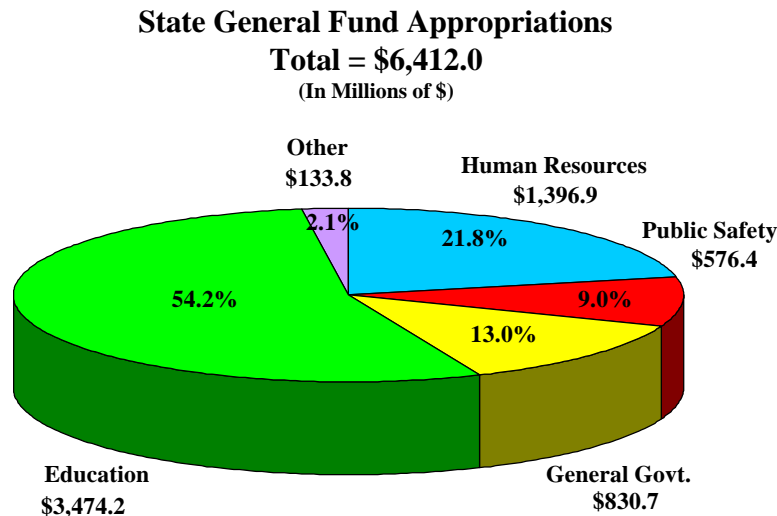
The total state budget from all Means of Financing for FY 01/02 is \$15.27 billion of which \$6.4 billion is from the State General Fund, \$1.1 billion is from Fees and Self-Generated Revenues, \$2.5 billion is from Statutory Dedications, and \$5.3 billion is from Federal Funds.



(Note: The State General Fund appropriation slightly exceeds the official SGF forecast due to inclusion of \$1.2 million in funds transferred to the State General Fund.)

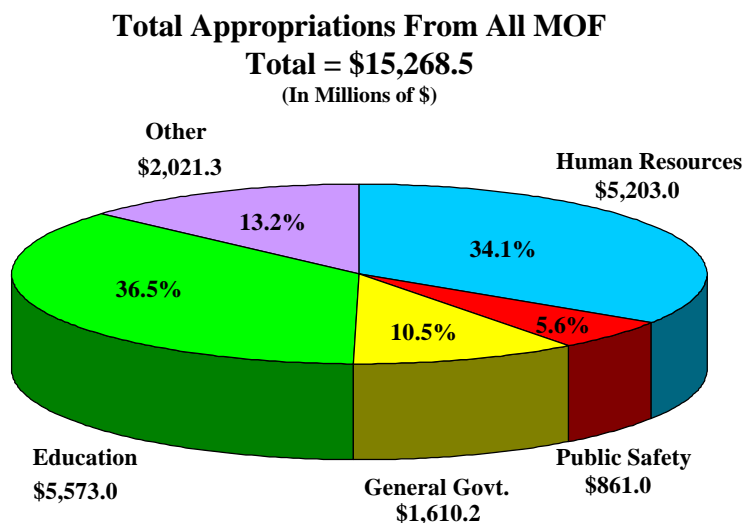
FY 01/02 Expenditures

The following pie chart displays State General Fund appropriations of \$6.4 billion for FY 01/02 by major functional areas of state government spending.



Of the amount for education, \$2.2 billion is for the Minimum Foundation Program (\$99.8 million more in MFP funding comes from Lottery funds and another \$96.8 million from the SELF Fund) and \$934 million is for Higher Education. Human Resources funding includes \$944.9 million in State General Fund as state match for the Medicaid Program which makes up 84% of the total \$1.123 billion Medicaid match requirement.

The distribution among functional areas of state government changes when all Means of Financing are included. This is primarily due to inclusion of Medicaid and other federal funding in Human Resources, Transportation Trust Fund for Capital Outlay in the Other category, and Self-Generated Revenue from tuition and Federal funding in Education. Total appropriations of \$15.43 billion are distributed as follows:



Budget Growth

The FY 01/02 total state budget from all Means of Financing has grown substantially from the FY 00/01 level. The amount of growth depends on the point in the FY 00/01 budget cycle that is used for comparison. The following table shows budget changes from Act 11 of 2000 to Act 12 of 2001.

FY 00/01 Beginning Budget (Act 11)	FY 00/01 Existing Operating Budget (12/15/00)	Adjusted FY 00/01 Ending Budget* (6/30/01)	FY 01/02 Beginning Budget** (Act 12)	Growth from Act 11 to Act 12
\$ 13.93 billion	\$14.20 billion	\$14.58 billion	\$15.27 billion	\$1.34 billion

*Estimated and adjusted to remove flow-through financing for Nursing Home IGT amounts

**Includes \$48.5 million in appropriations contingent on legislation or other specific actions

The ending budget for FY 00/01, less the flow-through financing for the Nursing Home Intergovernmental Transfer program, is approximately \$14.6 billion compared to the beginning FY 00/01 budget of \$13.9 billion. This growth of \$700 million from beginning to ending FY 00/01 budget is the result of budget adjustments during the fiscal year which primarily add non-State General Fund sources through approval by the commissioner of administration and/or the Joint Legislative Committee on the Budget.

Budget growth from the beginning of FY 00/01 (Act 11) to the beginning of FY 01/02 (Act 12) is \$1.3 billion. Of this amount, \$300 million is financed by State General Fund revenue. The remainder is the result of increased Federal funds (\$605 million), Statutory Dedications (\$334 million), and Self-Generated Revenues (\$98 million). About one-half of this increase reflects spending growth added by budget adjustments during FY 00/01.

The areas in which budget growth has occurred reflect priorities for initiatives in education, infrastructure and economic development, while maintaining necessary health care and social services.

Note: Due to Act 1024 of the 2001 Regular Session which implemented the charity hospital “business enterprise” model, \$111 million in Self-Generated and Federal funds were taken “off-budget” as restricted funds (\$598 million in double-counted Interagency Transfer funding also moved “off-budget”). Without this action, the budget growth from FY 00/01 (Act 11) to FY 01/02 (Act 12) would have been \$1.4 billion.

The following are some of the major factors contributing to this \$1.3 billion growth. This is not a complete list of all adjustments, only selected items that account for significant portions of this growth.

- \$ 560 million Medicaid including the following:
 - \$106.6 million Nursing Home increases related to rebasing begun in FY 00/01
 - \$28.5 million Additional payments for Rural/Community Hospitals
 - \$123 million Annualization/expansion of LaCHIP, MR/DD and other waiver programs
 - \$12 million Federally required eligibility for “Section 4913” kids
 - \$38.2 million Provider rate adjustments
 - \$150 million Utilization and inflation (Pharmacy, hospital, physician, nursing homes, and ICF/MR)
 - \$21.8 million Cost increases and enhancements for state facilities and HCSD hospitals
 - \$60 million FY 00/01 budget reductions that could not be implemented and under-estimated payments
- \$ 27 million Medicaid Administration for Federal mandate for electronic data interchange standards and personnel funding
- \$ 70 million Increased TANF funding to support new initiatives
- \$ 12.4 million Increase for Child Care Assistance Program
- \$ 236 million K-12 Education including:
 - \$96.8 million SELF Fund for pay raise for certificated personnel
 - \$25.9 million Additional funding for school accountability
 - \$60.3 million Minimum Foundation Program (SGF and lottery)
 - \$29.4 million Additional Federal school renovation funds
- \$ 15.6 million TOPS increased requirement
- \$ 189 million Higher Education funding increases, including:
 - \$38.7 million SELF Fund for faculty pay raise
 - \$22.5 million Governor’s Information Technology Initiative
 - \$16.4 million Library and Scientific equipment
 - \$15 million Higher Education formula enhancement
 - \$40 million Increased Tuition and self-generated revenues
 - \$23 million Endowed chairs and professorships
 - \$9.7 million Accreditation, research, and operational enhancements
 - \$11.5 million Increases in 8(g) and other statutory dedications
 - \$2.9 million Community and technical college system enhancements
- \$ 18.3 million Department of Economic Development technology and service zone projects
- \$ 10.5 million Juvenile Justice Settlement Agreement costs
- \$ 45.5 million Increase in Federal funds and Statutory Dedications for coastal projects
- \$ 10 million Wildlife and Fisheries fee revenue
- \$ 35 million Debt Service increase
- \$ 94.6 million Increase in cash Capital Outlay (Federal and Stat. Ded.) including DOTD construction projects

State Debt and Debt Service

Total Outstanding Debt. Beginning with the 1993, constitutional limit on debt service, the Legislature has placed a high priority on reducing outstanding debt, which in 1993 was almost \$6.5 billion in principal and interest. The Legislature has made several advance payoffs since FY 93/94 with the most recent advance payment of General Obligation Debt being \$23 million in June 2001. Other major debt issues paid in advance include the unemployment debt of \$830 million (1993), the Louisiana Recovery District debt of \$254 million (1996), and more than \$870 million of General Obligation principal and interest between 1996 and 2001.

The Legislature also has been cautious in issuing new General Obligation Debt. From 1993 to 1999, the Legislature limited itself to \$200 million per year of new General Obligation Bonds. However, in FY 95/96, FY 98/99 and FY 99/00, the state issued no new General Obligation Bonds. In November 2000, the state issued \$347 million in new bonds, well below the combined limit of \$400 million for FY 99/00 and FY00/01.

At the end of FY 00/01, State General Obligation Debt principal and interest outstanding were \$2.726 billion. For FY 01/02, the Capital Outlay Act sets a limit on new General Obligation Bonds of \$240 million.

The constitutional limitation applies to all Net State Tax Supported Debt (NSTSD). In recent years, the State Bond Commission has approved other bonds that are considered as NSTSD, including a February 2001 bond issue of \$97 million for the Office Facilities Corporation. This, plus the \$347 General Obligation Bond sale in November 2000, have increased outstanding NSTSD principal and interest to \$3.55 billion at the end of FY 00/01, compared with \$3.131 billion at the end of FY 99/00. Since 1993, however, NSTSD principal and interest have declined by 49%.

Annual Debt Service. Over the last four years, advance payment of General Obligation Debt temporarily reduced the annual debt service cost. However, the effect of these advance payments is much less in FY 00/01 and thereafter. Consequently, the debt service on NSTSD increases substantially in FY 00/01 through FY 02/03. For FY 01/02, total NSTSD debt service will be \$359.9 million. Of this amount, \$276.6 million is for General Obligation Debt. Despite these recent increases, annual debt service still has declined by 49% from the 1993-94 peak of \$720 million. Even with future bond sales of \$250 million per year, annual debt service will be fairly constant for the next several years.

Constitutional Debt Limit. The Constitution requires that in FY 03/04 and thereafter, debt service shall not exceed 6% of the total revenue projected by the Revenue Estimating Conference. At the end of FY 00/01, this ratio was 3.72%. For FY 01/02, this ratio is an estimated 5.02%. Based on debt currently outstanding, FY 03/04 debt service will be 4.7% of projected revenues. With anticipated new debt sales of \$250 million per year, the projected ratio will still be below the 6% limit set in the Constitution.

CAPITAL OUTLAY

After gubernatorial vetoes, HB 2, the capital outlay bill for FY 01/02, contained appropriations from all Means of Financing of \$3,024,039,859. The bill also limits the total amount of general obligation bonds that may be issued to \$665,835,000 (\$15,835,000 carried forward from FY 98/99, \$200,000,000 carried forward from FY 99/00, \$200,000,000 for FY 00/01, and \$240,000,000 for FY 01/02).

The following table provides the itemization of the Act by all Means of Financing:

MEANS OF FINANCING	
State General Fund	\$ 7,382,000
Federal Cash	\$ 42,755,857
Federal Cash – TTF	\$ 442,000,000
Transportation Trust Fund	\$ 187,150,000
TIMED Cash	\$ 70,330,438
Other Statutory Dedication	\$ 6,608,168
Self Generated Cash	\$ 72,378,039
Reappropriated Cash	\$ 9,009,945
Interagency Transfers	\$ 9,000,000
Revenue Bonds	\$ 258,279,050
Total Cash and Revenue Bonds	\$ 1,104,893,497
General Obligation Bonds	
Priority 1	\$ 567,735,000
Priority 2	\$ 356,365,300
Priority 3	\$ 126,968,750
Priority 4	\$ 130,898,900
Priority 5	\$ 732,470,000
Total General Obligation Bonds	\$ 1,914,437,950
NRP/RBP	\$ 4,708,412
GRAND TOTAL	\$ 3,024,039,859
NRP is the allocation of previously sold bond proceeds. RBP is the appropriation of prepayments of reimbursement contracts.	

Capital Outlay Appropriations by Expenditure Category

DOTD	\$ 960,168,902	31.8%
Higher Education	\$ 678,790,529	22.4%
Other State	\$ 699,140,478	23.1%
Nonstate	<u>\$ 685,939,950</u>	<u>22.7%</u>
	<u>\$3,024,039,859</u>	<u>100%</u>

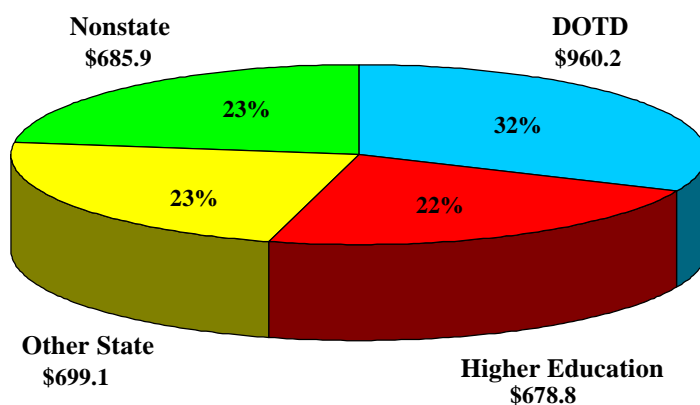
“Other State” includes the Division of Administration, State Parks and Museums, Public Safety and Corrections, DHH and LSU Medical Center Health Care Services Division hospitals, DNR, Legislative, and Judiciary.

“Nonstate” includes ports, levee districts, parishes, municipalities and other nonstate entities.

Capital Outlay by Expenditure Area

Total = \$3,024.0

(In Millions of \$)



LEGISLATION OF FISCAL INTEREST

First Extraordinary Session, 2001

Gaming

- **Land-based Casino**

Act 1, SB 1

Reduced the minimum compensation to the state to the greater of 18.5% or \$50 million for the casino fiscal year April 1, 2001 through March 31, 2002 and \$60 million for each casino fiscal year thereafter. The percentage assessed against the casino was increased from 18.5% to 21.5% by contract with the Gaming Control Board. Harrah's Entertainment has guaranteed the minimum payment for the first four years and will post additional guarantees annually.

The revenue received from the land-based casino is dedicated to the Support Education in Louisiana First Fund (SELF Fund). 73% of these revenues will be used for a pay raise for public school certificated personnel. 27% will be used for higher education faculty pay raises.

- **Riverboats**

Act 3, HB 2

Provides that all riverboats will remain docked. Changes the tax rates as follows:

- For the Shreveport/Bossier boats, the tax rate is phased up to 21.5% over three years. From April 1, 2001 through March 31, 2002, the rate is 19.5%. From April 1, 2003, and thereafter, the rate is 21.5%.
- Except for the boats in Caddo, Bossier, and Orleans parishes, the tax rate became 21.5% on April 1, 2001.
- For the boat in Orleans Parish that is limited by the exclusivity provisions of the land-based casino contract, there is a sliding monthly rate based on the boats net gaming proceeds. The rates for this boat range from 18.5% to 21.5%.
- All of the increased revenues generated from the rate increase and the revenues generated from the "lower nine" boats going dockside are dedicated to the SELF Fund. 70% of these revenues will be used for a pay raise for public school certificated personnel. 30% will be used for higher education faculty pay raises.

Regular Session, 2001

- **Special Funds**

Act 1182, HB 1565; Act 1185, HB 1641

Repeals and revises certain treasury funds which are either not needed or required modification in order to make use of fund balances.

Establishes the Deficit Elimination/Capital Outlay Escrow Replenishment Fund. The difference between the May 14, 2001 official forecast of general purpose revenue for FY 00/01 and the actual collections of such revenue shall be deposited into the fund. Monies in the fund may be appropriated and used only in the following priority order:

1. \$62,000,000 reserved to pay deficits of the State Employee Group Benefits Program.
2. \$10,000,000 as a partial satisfaction of debt owed to the State General Fund by the Health Care Services Division (HCSD) of the LSU Health Sciences Center.
3. Financing of capital outlay projects for which the time has lapsed for sale of tax exempt bonds.
4. Payment of FY 01/02 deficits of the State Employee Group Benefits Program.
5. Payment of remaining debt to the State General Fund by LSUHSC-HCSD.

This fund ceases to exist on July 1, 2003.

- **Budgetary Controls and State Budget**

Act 1236, HB 507 – Constitutional Amendment; Act 1063, HB 1019 – implementing legislation

Proposes to amend the Constitution to provide for limited budget adjustments and reductions in the case of a projected deficit. The governor is authorized, subject to approval of the Joint Legislative Committee on the Budget, to reduce up to 5% of appropriations from the State General Fund and dedicated funds in any fiscal year in which a deficit is projected and reductions of .70% in appropriations from total State General Fund appropriations have already occurred. Such monies would be available for transfer to the fund in deficit, and monies so transferred would be deemed available for appropriation and expenditure in the year of the transfer from one fund to another.

Relative to development of a new budget, if the official revenue forecast for the next fiscal year is at least 1% less than for the current fiscal year, the governor and legislature are authorized to reduce the monies proposed for appropriation or allocation for mandatory expenditures or allocations by up to 5%, making those funds available for other expenditures.

These provisions do not affect: the Bond Security and Redemption Fund, the severance tax and royalty allocations to parishes, state retirement contributions, the Louisiana Education Quality Trust Fund (8g), and the Millennium Trust, except for appropriations from the trust. Reductions to the Minimum Foundation Program are limited to 1%.

Also limits the governor's unilateral budget cutting authority outside of the foregoing proposed process from 10% of any fund in deficit to 3% of the fund in deficit.

Act 995, HB 1528

In the event the Constitutional Amendment authorizing reductions in constitutional funds and allocations is not approved, authorizes the governor to make reductions from statutory dedications. In addition to the governor's current authority to reduce appropriations from a fund that is in deficit, permits the governor to adjust appropriations or allocations from statutorily dedicated monies up to 5% and to transfer the associated monies to a fund in deficit if the governor has already reduced total State General Fund appropriations by at least 0.70% for that fiscal year. Monies transferred as a result of such budget adjustments are deemed available for appropriation and expenditure in the fiscal year of the transfer from one fund to another. These provisions of law become null and of no effect in the event that the amendment to the Constitution of Louisiana proposed by HB 507 is approved by the electors and becomes effective.

Act 1234, HB 485

Proposes to amend the Constitution of Louisiana to mandate full funding of state salary supplements to certain full-time local law enforcement and fire protection officers beginning July 1, 2003. The proposal provides for definitions of the class of such eligible local officers, determines full funding to mean the amount needed to meet legal requirements for such payments which are in effect on July 1, 2001, and limits reductions to such appropriations to instances where the written consent of 2/3 of the members of each house of the legislature is given. The governor is required to include full funding of such state salary supplements in his annual budget estimate, and beginning July 1, 2003, the legislature is required to appropriate monies sufficient to provide for payment of same.

- **Government Organization**

Act 451, HB 18

Effective upon the end of the term of the current commissioner of elections, or sooner if the office becomes vacant, provides for the Department of Elections and Registration to be merged into the Department of State. Provides that there will be no election in 2003 for commissioner of elections and that the next commissioner of elections be appointed by the secretary of state, subject to Senate confirmation. In the interim, the current secretary of state and the current commissioner of elections are required to jointly develop a transition plan, which is to be completed by January 1, 2002. After the merger, the secretary of state and all unclassified employees of the department of state, including the commissioner of elections, are prohibited from participating in political activities, as are current classified civil service employees. The secretary of state is allowed to participate in political activities with regard to his own campaign.

- **Judicial Compensation**

HCR 30

Approves the salaries recommended by the Judicial Compensation Commission which provides that the justices of the supreme court, judges of the appeals courts, judges of the

district courts, and judges of the city courts shall receive a 5% raise on July 1, 2001, 5% on July 1, 2002, and 5% on July 1, 2003. For city court judges, the increase only applies to the portion of the salary paid by the state.

- **Louisiana/Mississippi Hunting and Fishing License Agreement**

Act 448, HB 1420

Eliminates the three-day nonresident freshwater and saltwater fishing licenses and replaces them with temporary nonresident freshwater and saltwater fishing licenses for \$5/day and \$15/day respectively.

Establishes a four-day nonresident freshwater fishing license for \$15 and a four-day nonresident saltwater license for \$45. Each of the saltwater licenses must be purchased in conjunction with the appropriate freshwater license.

Lowers the annual nonresident saltwater fishing license from \$50 to \$30 which would result in a reduction of the annual nonresident freshwater and saltwater fishing license fee from \$110 to \$90.

- **Toll Road Authority**

Act 1209, HB 2072

Creates the Louisiana Transportation Authority within the Dept. of Transportation and Development and provides that the “authority” shall be vested with powers to promote, plan, finance, develop, construct, control, regulate, operate, and maintain any tollway or transit way to be constructed within its jurisdiction and other functions and responsibilities provided for any state entity as otherwise provided by law.

Provides for the “authority” to be governed by a board of nine directors with full power to promulgate rules and regulations for the maintenance and operation of any tollway or transit way of the “authority”, subject to the approval of the House and Senate Committees on Transportation, Highways and Public Works. Provides that the “authority” shall be subject to and comply with the public records law and the open meetings law and all proceedings and documents of the “authority” shall be public record.

Grants the “authority” power to impose tolls and to issue bonds for any “authority” purpose and pledge revenues for the payment of the principal and interest of such bonds. Any bonds issued by the “authority” shall constitute revenue bonds and shall be payable solely from revenues and bond proceeds, pending their disbursement, and investment income, and shall not be deemed a pledge of the full faith and credit of the state.

- **Sales and Use Taxes**

Act 7, HB 1274

Maintains the vendor’s compensation rate for collecting state sales and use taxes at 1.1%. Dedicates the savings to the state for maintaining this rate to several purposes. Provides that \$2 million of the savings shall be deposited in the Marketing Fund, instead of \$2,150,000.

Deletes the provision dedicating savings to the Workforce Development and Training Fund and provides that all monies remaining after the deposit to the Marketing Fund shall be deposited in the Louisiana Economic Development Fund. Further deletes the sunset provisions relative to monies being deposited in the Marketing Fund and Louisiana Economic Development Fund.

Act 245, HB 896

Allows a dealer to represent that he will absorb all or part of the sales tax if the dealer includes in the advertisement that he will pay the tax on behalf of the purchaser and furnishes the purchaser with written evidence that he will pay any tax the purchaser was relieved from paying.

Act 1175, HB 1391

Conforms Louisiana law on sales taxation of mobile telecommunication services to the federal Mobile Telecommunications Sourcing Act.

Act 72, HB 994

Authorizes the Dept. of Revenue, upon consent of the legislature, to enter into the Streamlined Sales and Use Tax Agreement with one or more states to simplify and modernize sales and use tax administration and reduce the compliance burden for sellers.

- **Property Tax**

Act 1149, SB 1046

Eliminates the requirement that ad valorem taxes paid by public service companies under protest be held in escrow pending outcome of litigation. If the assessed valuation determined by the court is less than the amount determined by the Tax Commission, then the company may receive a credit against future property taxes or a refund in cash no later than 90 days from the date the judgment is rendered and becomes final. Provides that funds received as protested payments shall only be used for non-recurring expenses, except when pledged as security for bonds or other evidences of indebtedness and except when the proposition approving the millage provides for another purpose.

- **Taxation**

Act 136, HB 992

Requires the Dept. of Revenue to establish a tax amnesty program for all taxpayers owing any tax imposed by the state and collected by the department and authorizes the secretary to determine the dates of the 60-day program between July 1, 2001 and June 30, 2002. Authorizes the secretary to grant amnesty to any taxpayer who complies with provisions of programs except those who are party to any criminal investigation or any pending litigation for nonpayment, delinquency, or fraud in relation to payment of any state tax. The secretary shall not collect interest or penalties from any taxpayer who is granted amnesty.

Act 763, SB 1104

Expands the current authority of the secretary of the Department of Revenue to contract with private collection agencies to include in-state tax liabilities. Requires that the attorney general be designated as the collection contractor of first choice with a collection fee limit of 15% of the total liability.

- **Revenue Collections**

Act 257, HB 1172

Authorizes the publication of the names of certain delinquent taxpayers.

Act 269, HB 1402

Authorizes any agency of the state to file offset claims against individual income tax.

Act 141, HB 1102

Makes the crime of issuing worthless checks apply to checks issued to state and local government.

Act 1167, HB 1103

Clarifies the meaning of “false or fraudulent return” and provides that failure to file a return interrupts prescription.

Act 254, HB 1105

Extends the authority of the Department of Revenue to seek a court order for a taxpayer to cease business for failure to pay certain taxes collected on behalf of the state.

Act 904, HB 1442

Establishes a collection policy and procedure for all state agencies to assist in the collection of obligations due to the state.

Act 344, HB 158; Act 805, HB 337

Provides additional authority to the Department of Wildlife and Fisheries to collect outstanding fines and penalties.

LEGISLATION WITH SIGNIFICANT REVENUE IMPACT

Explanation	SGF Impact For Fiscal Year (In Millions)				
	01/02	02/03	03/04	04/05	05/06
Regular Session, 2001					
Sales Tax					
Dedicates the avails of the 1.0% state sales tax on hotel rentals in St. Landry Parish. (Act 221, HB 229)	(\$.03)	(\$.03)	(\$.03)	(\$.03)	(\$.03)
Dedicates the avails of the 3.97% state sales tax on hotel rentals in Bienville Parish. (Act 224, HB 261)	(\$.03)	(\$.03)	(\$.03)	(\$.03)	(\$.03)
Provides for the method of taxing new manufactured or mobile homes (Act 1212, HB 1368)	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0

K-12 EDUCATION

- **\$2.4 billion is appropriated for the new FY 01/02 MFP.**

The FY 01/02 MFP appropriation includes a \$137 million increase and provides a \$2,060 certificated pay raise. The FY 01/02 MFP appropriation is \$2.4 billion, which is \$138 million more than the FY 00/01 MFP expenditures of \$2.262 billion. Backing out \$1.3 million for certificated pay raises for non-MFP personnel at the special schools and other schools from the FY 01/02 MFP appropriation results in a net increase of \$137 million. The FY 01/02 MFP appropriation assumes a 10,005 reduction in the October 1 student membership and a five percent increase in local revenues.

Major revisions to the MFP are listed below.

- Level 3 funding amounting to \$63 million is provided to 59 school systems which did not have sufficient new state funds from Level 1 and Level 2 to pay the \$2,060 certificated pay raise.
 - Hold Harmless funding amounting to \$85 million is also included in Level 3. The hold harmless school systems will be eligible in the future to receive new state funds due to a 2.75% increase in the Base Per Pupil Amount and growth in local revenues. Hold harmless school systems are capped in Level 3 in the amount of state funds they will be allowed to generate on a specific per pupil amount.
 - Fifty percent of new state funds are mandated to be expended for certificated pay raises in FY 02/03, FY 03/04 and FY 04/05 if no other provision for a certificated pay raise is provided.
 - Foreign Associate Teachers are funded as a separate amount in Level 3 and capped at \$4.2 million.
- **\$17.2 million payable to 55 school systems for FY 00/01 due to an error in calculation of the FY 99/00 MFP was not paid in FY 00/01.**

The FY 00/01 MFP Budget Letter included a \$17.2 million amount payable to 55 local school systems for FY 00/01 due to an error in the calculation of the FY 99/00 MFP. The Department of Education requested this amount February 22, 2001, in a BA-7 pursuant to the “more or less estimated” language contained in the General Appropriations Bill. After receiving no confirmation from the Division of Administration as to approval of the \$17.2 million amount, the department on June 19, 2001, informed local school systems that it would be necessary to reduce the June 2001 payment. The commissioner of administration in a June 29, 2001 memo to the Louisiana School Boards Association informed its executive director that “action will be taken to remit the payment as soon as sufficient and available revenues are recognized by the Revenue Estimating Conference.”

- **\$102 million is appropriated for TOPS for FY 01/02.**

The FY 01/02 budget for the Tuition Opportunity Program for Students is \$102.2 million: \$101.8 million State General Funds for 39,351 TOPS awards, \$300,000 State General Fund for 55 TOPS Teacher Loans and \$100,000 in Statutory Dedications for teacher loans. The FY 01/02 appropriation is \$11 million greater than the budgeted \$91 million for FY 00/01. There were 35,451 TOPS awards in FY 00/01. This is the fourth year of TOPS implementation. Because the Legislature allowed 1997 high school graduates as well as 1998 graduates to participate in the first year of implementation in 1998, there are five classes of students in TOPS for FY 01/02. Once the TOPS awards have only four years of student awards, instead of the present five years, the cost is expected to level off at approximately \$92 million. However, if student tuition is increased at public colleges, then the cost to the state for TOPS awards will also increase.

Major revisions approved during the 2001 Regular Session to TOPS are listed below.

- Expanded TOPS-Tech awards to nonpublic colleges and universities.
- Lowered the minimum ACT score from 19 to 17 for TOPS-Tech awards for high school graduates in 2000/2001 and thereafter.
- TOPS-Tech awards will pay the actual cost of tuition at 2-year schools and the weighted average for attendance at any public or private 4-year school.
- Provides two high school curriculum paths to be eligible for the TOPS-Tech award beginning for high school graduates in 2002/2003.
- Reinstated a waiver to the high school curriculum specified in the TOPS legislation if the required course(s) were not available to the student at the high school attended.
- Provides that students who graduated from high school in less than four years will not be denied using the TOPS award at the earliest possible time.

- **\$12.5 million State General Fund is provided for one-time pay supplements for noncertificated, unclassified support employees.**

HB 1870, the Supplemental Appropriations Bill, provided a one-time, \$328 pay supplement for noncertificated, unclassified support employees who are not paid exclusively with Federal Funds. The Department of Education recommended to recipient agencies that those support employees of local school systems, the state special schools, the Louisiana School for Math, Science, and the Arts, New Orleans Center for the Creative Arts, the SU and LSU Lab Schools, the Special School Districts, and nonpublic lunchroom employees should receive their salary supplement by July 20, 2001.

- **\$15 million in TANF (Temporary Assistance to Needy Families) funds is appropriated for Pre-Kindergarten services for at-risk four-year olds.**

Of the \$15 million, \$600,000 is set aside for programmatic and fiscal support. This appropriation does not specify what kind of Pre-Kindergarten services will be provided. However, legislation was approved (SB 776 by Bill Jones) that directs the Department of Education to allocate funding from monies appropriated for such purposes to local school systems for the purpose of providing early childhood development and care (ECD) classes.

ECD classes are to be made available to four-year olds with immunization documentation and who are attending the early childhood education portion of the day. ECD classes are to be provided at no cost to the child or his family for any eligible child who is eligible to receive free or reduced price meals pursuant to the federal child nutrition program.

It is estimated, that of the 13,400 unserved at-risk four-year olds, 2,880 children can be served at an average funding level of \$5,000 per child.

- **\$14 million in TANF funds is appropriated for Pre-GED/Skills Options and other dropout prevention programs.**

Of the \$14 million, \$500,000 is set aside for programmatic support. BESE approved a Pre-GED academic program paired with skills instruction for students who are at risk of dropping out of high school. There are three components to this program. First, the Pre-GED component will require completion of academic coursework leading to passage of the GED. Second, the Skills component will require completion of coursework recognized by business and industry as leading to employment and leading to exiting high school with certification or some other indication of success. Third, the program will provide a comprehensive counseling and support services component.

The Department of Education is meeting with the Department of Social Services to further develop implementation of the TANF-funded Pre-GED/Skills Options program.

- **\$3 million in TANF funds is appropriated for After-School Tutorial Programs.**

This funding will be used for after-school tutorial programs funded at the local level by various groups making application to the Department of Education.

- **\$3 million in TANF funds is provided for education and training programs.**
- **\$10 million State General Fund is appropriated for K-8 Rewards for approximately 722 schools that meet or exceed their Growth Target in 2001.**

The Department of Education projected a per pupil amount of \$25.57 for Recognized Academic Growth and \$38.36 for Exemplary Academic Growth. If a school exceeds its growth target by five points or more, it is given an Exemplary Academic Growth label. If a school meets or exceeds its Growth Target by fewer than five points, it is given a Recognized Academic Growth label.

- **\$10 million State General Fund is appropriated for LEAP 21 High Stakes Remediation.**

The FY 01/02 appropriation for Remediation is a \$2.5 million increase compared to the FY 00/01 Remediation budget of \$7.5 million. The \$10 million represents about 90%-95% funding of the program with local school districts funding the remaining cost. State funding is approximately \$175 per student, per subject area.

- **\$7 million State General Fund is appropriated for the LEAP 21 Tutoring Program.**

The FY 01/02 appropriation for the LEAP Tutoring Program is a \$3.2 million increase compared to the FY 00/01 Tutoring budget of \$3.8 million. The \$7 million represents about \$100 per student.

- **\$3 million State General Fund is appropriated for the Graduate Exit Exam (GEE) Summer School.**

These funds are appropriated so that high school juniors that fail either the Math or English portions as 10th Graders will be offered summer school in order to increase their chances of passing it later. State funding is estimated to meet about 80% of the summer school costs at \$175 per student, per subject.

- **\$3 million State General Fund is appropriated for K-8 School Improvement Grants.**

This is the second year in which State General Funds has been appropriated for K-8 School Improvement Grants. The first year FY 00/01 grants were allocated to seven school systems which had 61 schools in corrective action and were valued at approximately \$49,000 per school.

- **\$750,000 State General Fund is appropriated for High School Improvement Grants.**

These funds will be expended for high school improvement grants to those high schools in Corrective Actions.

- **\$4.3 million State General Fund is appropriated for the Distinguished Educators.**

The FY 01/02 appropriation for the K-8 Distinguished Educator (DE) Program is a \$1.5 million increase compared to the FY 00/01 DE budget. The FY 01/02 appropriation allows for an additional 13 DEs to be added to the 12 DEs employed in FY 00/01.

The FY 01/02 appropriation for the High School Distinguished Educators is a new appropriation. These funds will be used to employ 10 new DEs to assist ten low performing high schools based on their FY 00/01 School Performance Scores.

- **\$13.9 million State General Fund and \$750,000 8(g) are appropriated for LEAP Testing.**

The FY 01/02 appropriation for the LEAP Testing Program is a \$3.9 million increase compared to the FY 00/01 LEAP budget of \$10 million. Revised LEAP 21 tests have been phased-in in Grades 4 and 8 and in Grade 10. Grade 11 Science and Social Studies will be phased-in in Spring 2002.

- **\$18 million Education Excellence Funds (Tobacco funds) are appropriated for public and nonpublic K-12 education.**

The FY 01/02 appropriation from the Education Excellence Fund (EEF) is a \$3.9 million increase compared to the FY 00/01 appropriation.

Thirty percent of the total EEF monies appropriated to local school systems are divided equally among them. The remaining seventy percent is divided among the local school systems in amounts which are proportionate to each school's share of the total state share of the MFP as provided in the most recent MFP Budget Letter. Beginning in FY 07/08, all of the EEF monies appropriated to local school systems will be distributed on a pro rata basis, which is based on the ratio of the student population of the school system to the total state student population as contained in the most recent MFP.

- **\$210,000 State General Fund is provided for teacher stipends with National Board for Professional Teaching Standards certification.**

The FY 01/02 appropriation for the NBPT teacher stipends is a \$130,000 increase compared to the FY 00/01 budget and will provide a \$5,000 stipend for 42 teachers with NBPT certification.

- **\$13.2 million State General Fund is appropriated for Type 2 Charter Schools.**

The FY 01/02 appropriation for Type 2 Charter Schools is a \$3.8 million increase compared to the FY 00/01 budget. It is anticipated that 11 Type 2 charter schools will operate a second year and that two additional schools will open in FY 01/02.

- **\$1.2 million State General Fund is appropriated for opening of the Delhi Charter School (Type 2).**

The FY 01/02 appropriation for the Delhi Charter School, projected to open this fall with 225 students, contains language that directs the commissioner of administration to adjust the funding as needed to provide full funding based on enrollment.

- **A \$500,000 State General Fund increase is funded for WYES, a nonlicensee television station in New Orleans.**

\$500,000 State General Fund is appropriated for digital broadcasting and transmitting center on the University of New Orleans Campus for WYES. This amount is in addition to the continuing appropriation of \$220,209 for WYES.

- **\$480,000 from the newly created Academic Improvement Fund is appropriated to continue Internet, on-line information resources for teachers and students in public and nonpublic schools.**

The legislature created the Academic Improvement Fund (HB 1565 by LeBlanc) to provide opportunities for students to acquire the skills to achieve academic success and become employable, productive and responsible citizens. It also directed the treasurer to transfer any unexpended, unencumbered monies remaining in the Teacher Supplies Fund (\$1.2 million) and the Classroom-based Technology Fund (\$1.3 million) to the credit of the Academic Improvement Fund.

- **\$12.9 million is appropriated for Basic Adult Education.**

The FY 01/02 appropriation is comprised of \$4.8 million State General Fund and \$8 million Federal Funds. Federal Funds increased \$1 million compared to Federal Funds budgeted in FY 00/01.

HIGHER EDUCATION

- **\$15.0 million State General Fund is appropriated to the Board of Regents for formula enhancement.**

A portion of this funding will be allocated by the Board of Regents on a pro rata basis to postsecondary institutions. Most of the remainder will be used to increase the level of funding to those institutions that are farthest from the average funding for comparable SREB institutions based on the higher education funding formula.

- **\$22.5 million from State General Fund (\$17.5 million) and statutory dedications (\$5 million) is appropriated to the Board of Regents for the Governor's Information Technology Initiative.**

The Governor's Information Technology Initiative is expected to increase economic development and enhance computer-related research in public universities. This will be accomplished through development of high technology resources within the state. The Initiative has three primary elements, including 1) developing technologies that create new companies, jobs, and wealth, 2) developing a highly trained workforce for the IT-intensive workplaces, and 3) exploiting the six targeted technology clusters identified in Vision 2020. Approximately \$18 million of Initiative funding will be allocated to the state's five public research universities, including LSU-BR (\$8.10M), UNO (\$2.88M), SU-BR (\$1.44M), La. Tech (\$2.16M) and ULL (\$3.42 M). The remainder of the funds will be used for infrastructure and library network improvements and distribution to regional universities, community colleges, and the technical college.

- **\$38.7 million in Statutory Dedications is appropriated from the Support Education in Louisiana First (SELF) Fund for faculty pay increases and related benefits at postsecondary institutions.**

During the 2001 First Extraordinary Session, the legislature approved a pay increase for faculty of postsecondary institutions derived from land-based casino and riverboat gaming revenues deposited into the SELF Fund, of which approximately 30% is allocated for faculty pay. Pay increases will be distributed through a plan devised jointly by the Board of Regents and the Division of Administration.

- **\$16.4 million in Statutory Dedications is appropriated from the Higher Education Initiatives Fund: Library and Scientific Acquisitions Account for distribution to postsecondary institutions for equipment and library upgrades.**

Funding for library and scientific equipment upgrades will be distributed to postsecondary institutions through a plan devised by the Board of Regents. During FY 00/01, higher education received \$15 million for library and scientific acquisitions through the Capital Outlay Act. HB 1565 by LeBlanc, et al. of the 2001 Regular Session consolidates the

accounts within the Higher Education Initiatives Fund into one fund; however, this \$16.4 million will still be allocated for library and scientific equipment upgrades.

- **\$1.6 million in State General Fund is appropriated for the Louisiana Endowment for the Humanities.**

The Louisiana Endowment for the Humanities (LEH) was transferred to the Board of Regents in FY 00/01 from the Department of Culture, Recreation and Tourism. The appropriation for FY 00/01 had a reduction of \$400,000 from the funding level of \$1.7 million provided to LEH for the previous two fiscal years. For FY 01/02, the LEH is appropriated \$1.6 million. The LEH engages in statewide initiatives to increase cultural awareness, including professional development for teachers and others; literacy programs for at-risk children and their families; reading programs; quarterly publication of Louisiana Cultural Vistas, a magazine focused specifically on education and culture; grant funding to local institutions throughout the state; and maintenance of film, video, and other cultural resources.

- **\$1.45 million in State General Fund is appropriated for the Audubon Center for Research of Endangered Species (ACRES).**

This appropriation represents an increase of \$250,000 for ACRES. ACRES engages in research related to the conservation of endangered species, including repopulation efforts, breeding and release programs and embryonic transfer projects.

- **\$1.5 million State General Fund is appropriated to the Board of Regents for the Emerging Community College Pool.**

This pool continues to provide funding for the operations of developing community colleges and the Jefferson West Learning Center. The community colleges funded through this pool will likely include South Louisiana Community College, River Parishes Community College, and Delta Community College.

- **\$1.5 million State General Fund is appropriated to the Board of Regents for the Community and Technical College pool.**

This new pool will be used to address the development of instructional capacity within the Community and Technical College System. Enrollment levels are expected to increase significantly over the next five years as the newly adopted Master Plan for higher education is implemented. Distribution of these funds will be done according to a plan devised by the Board of Supervisors of the Community and Technical College System and the Board of Regents.

- **\$500,000 State General Fund is appropriated to the Delta Community College.**

These funds will be used for the general operations of the Delta Community College. The college is anticipated to open for enrollment in the fall of 2001. Previously, Delta Community College received funds through the Emerging Community College Pool. The

college will now have its own separate appropriation allocation, but will still be eligible to receive pool funding.

- **\$1 million from the Higher Education Initiatives Fund: Library and Scientific Acquisitions Account is appropriated to the Board of Regents for issues related to Master Plan implementation.**

With the enactment of HB 1565 of the 2001 Regular Session, these funds will be used by the Board of Regents for data collection, development of computerized articulation systems, strategic planning, and implementation of the Master Plan for postsecondary education. The funds as contained in HB 1 are from the Library and Scientific Acquisitions Account, however, HB 1565 provides for merging the separate accounts within the Higher Education Initiatives Fund into a single fund for higher education purposes, effective July 1, 2001. Language in HB 1 provides for use of \$1 million for Master Plan implementation.

- **\$500,000 State General Fund by statutory dedications from the Higher Education Initiatives Fund: Distance Learning Account is appropriated to the Board of Regents.**

These funds will be used to enhance electronic learning initiatives in postsecondary education. The funded amount represents the accumulated balance in the Higher Education Initiatives Fund: Distance Learning Account. HB 1565 of 2001 Regular Session merges all of the separate accounts within the Higher Education Initiatives Fund into a single fund effective July 1, 2001; however, HB 1 provides for use of \$500,000 for this purpose.

- **\$1.8 million State General Fund by statutory dedications from the Higher Education Initiatives Fund: Center for Innovative Teaching and Learning Account.**

These funds will be used to enhance university-based teacher training programs by focusing on innovative teaching strategies. The funded amount represents the accumulated balance in the Higher Education Initiatives Fund: Center for Innovative Teaching and Learning Account. HB 1565 of 2001 Regular Session merges all of the separate accounts within the Higher Education Initiatives Fund into a single fund effective July 1, 2001; however, HB 1 provides for use of \$500,000 for this purpose.

- **\$400,000 additional State General Fund is appropriated to the LSU School of Veterinary Medicine.**

These additional funds will be used by the LSU School of Veterinary Medicine to support program needs necessary for accreditation.

- **\$891,000 additional State General Fund is appropriated to LSU-Alexandria for further implementation of 4-year degree programs.**

These funds will be used to enhance and increase 4-year degree programs at LSU-Alexandria. As per SB 853 (Act 402) enacted in the 2001 Regular Session, LSU-Alexandria is now authorized to offer and award 4-year degrees. These funds will be used for implementation of those programs.

- **\$500,000 additional State General Fund is appropriated to the LSU Health Sciences Center for the Epilepsy Center of Excellence.**

These funds will be used to provide surgical services for those with epilepsy. This will include some equipment, staffing and general operational costs for the program. Prior experience has demonstrated that the surgical procedure to be provided can cure epilepsy for certain individuals.

- **\$1.2 million additional State General Fund is appropriated to the LSU Agricultural Center for fire ant (\$400,000) and termite (\$800,000) research and educational efforts.**

This funding will be used to continue termite and fire ant research and public education being performed by the LSU Agricultural Center. Both the termite and fire ant research and education funding will complement applied research and extension outreach already being done. A statewide-integrated pest management program is being developed for both termites and fire ants. Prior to this appropriation, the LSU Agricultural Center received only federal grant funds for termite research and education. Also, previously, the Department of Agriculture provided pass-through funds to the LSU Agricultural Center for fire ant research. This transfer ceased to occur in FY 00/01.

- **\$700,000 additional State General Fund is appropriated to the LSU School of Law.**

These funds will be used to address personnel and library issues at the LSU School of Law. Approximately \$584,000 is anticipated for new faculty, and \$115,600 will go toward library reference acquisitions.

- **\$3.1 million additional State General Fund is appropriated to the Pennington Biomedical Research Center.**

These funds will be used for creation of a proteomics core lab facility and as seed money for nutritional and genetic research areas. Approximately \$1.1 million of this amount will be used for the proteomics core lab facility which will focus on genetic research at the amino acid and protein formation level.

- **\$400,000 State General Fund is appropriated to the Board of Regents for the Louisiana Center for the Blind located in Ruston.**

The Louisiana Center for the Blind had received funding in prior years in the Other Requirements section of the General Appropriations Bill. This appropriation was moved into the budget of the Board of Regents where it will be passed through to an instructional program for the blind located at Louisiana Tech University.

- **\$305,243 State General Fund and \$1,707,104 Federal Funds are transferred from the Department of Environmental Quality (DEQ) to the Louisiana Universities Marine Consortium (LUMCON) for the operations of the Barataria-Terrebonne National Estuary Program (BTNEP).**

After discussions between the Board of Regents, DEQ, LUMCON, and BTNEP, it was determined that the mission and functions of BTNEP may fit best under LUMCON which has a marine science research and education mission. General operational funds and five positions for BTNEP were transferred from DEQ to LUMCON, effective July 1, 2001.

- **\$475,000 additional State General Fund is appropriated to LSU-Baton Rouge for the Reilly Center for Media and Public Affairs.**

These funds will be used for start-up costs related to the Reilly Center for Media and Public Affairs. The Center is anticipated to serve several purposes, including serving as a clearinghouse for public policy information; a venue for specialized briefings and seminars; a public forum for discussion; a residency incentive for public policy scholars; and a research center for public attitudes on public policy and changes within the state.

- **\$200,000 additional State General Fund is appropriated to LSU-Baton Rouge for the Louisiana Geological Survey.**

These funds will be utilized for general operating expenses of the Louisiana Geological Survey. This will include primarily salaries and fringe benefits of four existing personnel. The Louisiana Geological Survey was transferred to LSU-Baton Rouge from the Department of Natural Resources without any state funds in 1997. Previously, personnel were paid primarily with self-generated revenues which have been substantially reduced.

- **\$379,500 additional State General Fund is appropriated to the University of Louisiana Board of Supervisors.**

These funds will be used for six additional support staff and general operations of the University of Louisiana Board of Supervisors.

- **Capital Outlay funding for postsecondary education institutions (including the LSU Health Care Services Division) totals \$857 million, including \$585 million in General Obligation Bonds in Priorities 1, 2, 5, and previously sold bonds, \$46 million in Self-generated revenues, \$4 million in Federal funds, and \$220 million in revenue bonds.**

Among the major items funded are: \$50 million, capital improvements/equipment for Health Care Services Division (charity hospitals); \$13 million, Louisiana Gene Therapy Research consortium; \$23 million, LSU Health Science Center-Shreveport Ambulatory Care Building; \$20 million, Bossier Parish Community College campus site acquisition, planning and construction; \$14 million, South Louisiana Community College campus development, acquisitions, construction; \$35 million, telecommunications wiring and equipment; and \$10 million, land acquisitions for unspecified postsecondary education institutions.

- **The following legislation passed in the 2001 Regular Session and affects either current or future funding for higher education:**

- HB 2007 by Alario, effective January 1, 2002, authorizes the management boards of higher education to increase tuition and mandatory fees by no more than three percent annually with approval by the Joint Legislative Committee on the Budget. This authority will terminate on July 1, 2005.
- Senate Bill 829 by Theunissen, authorizes creation and supervision of learning centers by the Board of Regents in Rapides and Jefferson Parishes and Louisiana Economic Development Districts 3 (Houma-Thibodaux area) and 5 (Southwestern Louisiana). The Board of Regents is to provide for the operation, management, and supervision of the learning center and ensure the cost effective delivery of courses and programs to the geographic area of the learning center through the use of existing institutions and their offerings. The Jefferson West Learning Center in Jefferson Parish and the University Center in Rapides Parish are the only two existing learning centers.
- HB 1818 (Act 189) authorizes the creation of a second firemen's training facility in North Louisiana under the supervision of the current training center located at LSU-Baton Rouge.

This bill abolishes the Volunteer Firefighter Insurance Premium Fund, effective July 1, 2002, and provides for payment of such premiums from the Two Percent Fire Insurance Fund. Annually \$70,000 is allocated to the LSU Fire and Emergency Training Institute in Baton Rouge to assist with the operations of a new fire training facility run by the Pine Country Education Center located in Webster Parish and an additional \$70,000 allocated to the Fire and Emergency Training Institute located at LSU-Baton Rouge. The new fire training facility in North Louisiana is to be operated in accordance with standards and requirements established by the Fire and Emergency Training Institute located at LSU-Baton Rouge. The facility should improve access to training certification for the state's firefighters which should subsequently result in an improved fire insurance rating.

A supplemental appropriation for FY 00/01 provided the LSU Fire and Emergency Training Institute \$600,000 for renovations of existing facilities and \$351,643 for development of the new training facility in Webster Parish out of the balance in the Volunteer Firefighter Insurance Premium Fund.

HEALTH AND SOCIAL SERVICES

Medicaid

- **Overall Medicaid growth in FY 01/02, compared with spending in FY 00/01, is 11.1%, while state funds cost for Medicaid grows by 9%.**

The Medicaid program totals \$4.091 billion for FY 01/02. Compared with current expenditure estimates of \$3.681 billion, this is a growth of \$410 million. The state match growth for FY 01/02 is 9%. This lower growth for state funds results from a lower state match on LaCHIP and from a technical change in the way that Intergovernmental Transfers (IGT) related matching funds are collected. Most of the increased payments are for private health care providers. Payments to state facilities for Medicaid and Uncompensated Care Costs increase by only \$22.8 million compared with projected spending for FY 00/01. Payments for Medicare Buy-In increase by \$5.5 million.

- **\$159.4 million is added for additional costs of the existing Medicaid program due to inflation, utilization and annualization of eligibility increases started in FY 00/01.**

These costs include some \$92 million in drug expenditures that are the result of higher utilization, new more expensive drugs, and inflation that affects all drug prices. Durable medical equipment payments are also subject to inflationary increases. The remaining increases are due to greater utilization because of increased eligibility for LaCHIP and waiver programs.

- **\$106.6 million of additional payments to nursing homes is appropriated as part of rebasing from the Nursing Home IGT financing mechanism.**

This increase is a “second round” payment pursuant to the nursing home IGT law enacted last year. It addresses higher costs related to utilities, insurance and anticipated inflation, and low profit levels among many of the state’s nursing homes. The first round payment of \$63.1 million implemented in FY 00/01 continues, for a total increase of almost 20% compared with nursing home rates at the beginning of FY 00/10.

- **\$38.7 million is appropriated for expansion of waiver programs that offer alternatives to long-term residential care for the elderly and developmentally disabled.**

DHH has committed to expand alternatives to residential care as part of its response to two major lawsuits (*Olmstead* and *Bartholomey*), and as part of its commitment to the federal government to gain approval of the nursing home IGT. The programs expanded with this funding include: Elderly/Disabled Waiver, Adult Day Health, and Personal Care Attendant Waivers (\$29.7 million), and the Children’s Choice Waiver (\$9 million). Although part of these increases will pay continuing costs of slots authorized in FY 00/01, there will also be an increase in the slots available, especially in the first three of these programs.

- **\$26.2 million is provided for cost report payments to hospitals, rural health clinics, federally qualified health clinics, and home health providers.**

Cost report funding is available for the following provider groups: Hospitals - \$20 million; rural health clinics - \$4 million; federally qualified health clinics - \$1 million; and home health providers - \$1.2 million.

- **\$29.8 million is provided for expansion of LaCHIP to cover parents of Medicaid or LaCHIP eligible children in families with incomes up to 100% of Federal Poverty Level and pregnant women.**

This expansion reflects the recommendations of interim Legislative committees regarding the need for better primary health care and increased insurance coverage for working, but poor, adults. The Federal Poverty Level is \$14,630 for a family of three and \$17,650 for a family of four.

This expansion also allows LaCHIP to cover pregnant women up to 200% of the Federal Poverty Level. Current law authorizes coverage up to 185% of the Federal Poverty Level, but funding is available only for women up to 135% of this amount. Interim Legislative committees concluded that access to adequate prenatal care is an essential factor in reducing low birth-weight babies and infant mortality, both of which are DHH performance goals.

Both expansions require federal approval of a waiver application. They also are contingent upon DHH increasing self-generated revenue collections and showing that these increases can cover the full state cost for these new persons for at least the next three years.

- **\$12.0 million implements retroactive eligibility for “Section 4913 kids” who lost Medicaid eligibility because of Welfare Reform.**

This expansion was also a condition for federal approval of the nursing home IGT. As a result of welfare reform (1997), an estimated 3,000 children lost Medicaid coverage. DHH must expand its efforts to find these children, make them eligible for Medicaid or LaCHIP, and retroactively pay any medical costs incurred for the past four years.

- **\$35.7 million is provided for rate increases for a variety of providers.**

Through the Care Coalition, many health care provider groups argued effectively that modest rate increases were needed to adequately reimburse providers and maintain their participation as Medicaid providers. Increases of this type include the following: Hospitals - \$11.6 million for inpatient service, and \$13.8 million for outpatient services (These increases are contingent upon DHH collecting \$53.4 million of IGT related revenue from large public hospitals); ICF/MR rates – \$2.8 million; Mental Health services - \$1.5 million for inpatient services and \$2.5 million for outpatient services (mental health rehabilitation); Ambulance transportation services - \$2 million; and MR/DD waiver services - \$2.2 million.

- **\$11.0 million is allocated for an increase in the payment for the cost of drugs dispensed by retail pharmacies.**

The current drug cost reimbursement is based on a percentage discount from average wholesale price (AWP). Chain pharmacies receive AWP less 16.5%, while independent pharmacies receive AWP less 15%. For FY 01/02, the reimbursement will increase to AWP less 15% for chains and AWP less 13.5% for independent pharmacies. These pharmacies may also receive additional payment adjustments if the anticipated savings from implementation of a preferred drug formulary occur during the fiscal year.

- **\$8.9 million is appropriated for the state match share of Uncompensated Care Cost payments to small rural hospitals.**

Up until FY 00/01, only a small portion of the uncompensated care payments to small rural hospitals included the state's 30% match cost. For this fiscal year, the state match is paid as a result of the IGT agreement with public hospitals. For FY 01/02, this state match will be paid with other state funds.

- **\$17.0 million is provided for additional payments to public community and small rural hospitals based on IGT collections that exceed \$53.4 million during the year.**

The Medicaid budget for FY 01/02 depends on \$53.4 million of state match contributed from public hospitals that can certify expenditures and be paid the federal matching funds for these expenditures. If DHH can fully collect this amount, additional certified expenditures will be used to pay large public hospitals a net payment of up to \$7 million, while rural hospitals would receive up to \$10 million of additional payments that are cost-justified.

Public Health

Total funding for the Office of Public Health is \$238,369,802, which is \$3.27 million or 1.4% greater than its FY 00/01 budget.

- **Restored funding for state collection and transportation of local water system samples for safe drinking water testing.**

The restoration of \$900,000 and 25 positions to the Environmental Health Services program maintains existing state safe drinking water services for local water systems. The Executive Budget had proposed eliminating the funding.

- **\$820,000 is added to the School-based Health Program to provide for new or expanded services.**

Total funding for the School-based Health Program is \$7.1 million for FY 01/02. At the close of FY 00/01, there were 47 school-based health centers in operation statewide. The additional funding will provide for the operation of 6 new sites, including sites in Cameron, Iberville, Allen, Grant, and Jackson Parishes, bringing the total number of centers to 53.

- **Restored funding for HIV prevention services.**

The Executive Budget for FY 01/02 reduced funding for HIV prevention services by 44% from FY 00/01. The final budget passed by the Legislature restores \$600,000 in State General Fund to maintain HIV prevention spending at the FY 00/01 level of \$1.7 million.

- **An additional \$2.8 million in Federal funds is appropriated for the AIDS Drug Assistance Program.**

Increased Federal grant funds will provide for additional HIV and AIDS drug treatment services for the uninsured via the LSU hospital system. Louisiana's total federal Ryan White grant for FY 01/02 is \$16.2 million, and the required state match for the Federal Funds is \$8.1 million. Ryan White state match is provided in the Office of Public Health and Health Care Service Division hospitals.

- **87 positions were eliminated from the FY 00/01 level.**

A total of 174 positions were eliminated from OPH in the Executive Budget. Only half of these positions (87) were restored during the legislative process.

Mental Health

Total funding for state mental health agencies is \$220,297,557, which is \$8.35 million or 3.9% greater than the FY 00/01 budget. The increase is accounted for by restorations to maintain existing civil inpatient and outpatient services and by additional funding and positions to implement federal court-ordered forensic service enhancements.

- **Funding is provided to maintain civil inpatient hospital and community-based mental health services.**

The restoration of \$6.3 million and 48 positions to state mental health agencies from the level proposed in the Executive Budget will maintain existing hospital and community mental health clinic services for civil clients, who are those not committed to treatment through the criminal justice system.

- **Enhancements are provided for forensic psychiatric services.**

The state has invested \$10 million over the past two years to comply with federal court orders regarding access to state mental health services for Orleans Parish jail inmates. For FY 01/02, another \$2 million and 73 positions are added to fully implement the mandated forensic service enhancements, including jail-based competency restoration services, transportation, a 50-bed acute unit, 20 inpatient beds, a 25-bed step-down group home, and a community mental health clinic in the New Orleans area. Forensic services are for those individuals who have been committed to treatment through the criminal justice system.

- **State mental health agencies reorganized.**

The FY 00/01 budget authorized state mental health agencies to reorganize into four appropriations that integrate hospital and community-based services. Last summer, state mental health staff and stakeholders began implementation of the new organizational structure, which consists of the Office of Mental Health as state-level management support and three “mental health areas” that offer both inpatient and outpatient services in the southeast, southwest, and central and northern regions of the state. The budget was formally reorganized first by BA-7 for FY 00/01 and then in the Appropriation Act for FY 01/02. Act 193 also formalizes the new organizational structure.

Developmental Disabilities

Total funding for state developmental disability agencies is \$205,054,952, which is \$4.13 million or 2.1% greater than the FY 00/01 budget.

- **The Office for Citizens with Developmental Disabilities is budgeted at \$34,587,522, which is \$2.18 million or 6.8% greater than the FY 00/01 budget.**

The increase in OCDD is accounted for by restoration of funding over the amount proposed in the Executive Budget to maintain existing services, and by additional funding to enhance community-based services, including the statewide expansion of single point of information and referral program for state developmental disability services.

- **Developmental center funding totals \$170,467,430, which is \$1.94 million or 1.2% greater than the FY 00/01 budget.**

Funding and positions were redistributed among developmental centers to correct inequities that resulted from past efforts to address U.S. Department of Justice concerns about patient care, and to reflect a decline in the census at Hammond and Pinecrest from residents moving to the community.

Developmental Center	FY 01/02		Change from FY 00/01		
	\$	T.O.	\$	T.O.	%
Peltier-Lawless	\$5,109,206	123	\$417,862	17	8.9%
Metropolitan	\$23,158,244	567	\$774,841	34	3.5%
Columbia	\$3,433,172	93	\$249,385	5	7.8%
Hammond	\$32,291,993	804	(\$290,464)	(3)	(0.9%)
Northwest	\$14,127,347	399	\$468,701	0	3.4%
Pinecrest	\$74,801,214	1,893	(\$748,474)	(194)	(1.0%)
Ruston	\$7,310,482	218	\$281,018	15	4.0%
Southwest	\$10,235,772	275	\$795,696	31	8.4%
TOTAL	\$170,467,430	4,372	\$1,948,565	(95)	1.2%

- **Reorganization of state developmental agencies is authorized.**

The budget permits the reorganization of state developmental disability agencies, including but not limited to the consolidation of Metropolitan with Peltier Lawless and Columbia with

Pinecrest, with the approval of the Division of Administration and the Joint Legislative Committee on the Budget.

Addictive Disorders

Total funding for the Office for Addictive Disorders is \$68,211,752, which is \$14.55 million or 27.1% greater than the FY 00/01 budget. The increase is primarily accounted for by the following items.

- **Restored existing substance abuse prevention and treatment services.**

A \$2.6 million restoration maintains programs slated for closure in the Executive Budget, including Pines Treatment Center, Briscoe detoxification unit, rural outpatient clinics, and other regional substance abuse prevention and treatment services.

- **Added \$2 million for substance abuse treatment services for women with children.**

Part of the TANF (Temporary Assistance to Needy Families) funding package, these additional funds provide for residential substance abuse treatment for women with dependent children, and substance abuse screening, testing, assessment and treatment for Families Independence Temporary Assistance Program (FITAP) recipients.

- **Added \$2.2 million for a home incarceration program for certain DWI offenders.**

Act 1163 (HB 665 by Odinet) allows courts to sentence third and subsequent DWI offenders to home incarceration with substance abuse treatment in lieu of jail time. The \$2.2 million provides for inpatient and outpatient substance abuse treatment services for offenders during the period of home incarceration.

- **Added \$1.5 million for new or expanded compulsive gaming prevention and treatment services.**

These additional funds from a fund balance in the Compulsive and Problem Gaming Fund provide for certain one-time expenditures, such as an independent evaluation of inpatient and outpatient compulsive gambling treatment services, and on-going enhancements, such as an intensive outpatient treatment program in the New Orleans area.

- **Added \$2.8 million for an expansion of the drug court program.**

This additional State General Fund support provides for new treatment slots in existing drug courts and/or for new drug treatment courts. At the end of FY 00/01, there were 24 drug treatment courts in operation statewide, including 10 juvenile and 14 adult courts. These courts provided a total of 424 juvenile and 1,339 adult treatment slots.

- **Transfers drug court program to the Supreme Court.**

Beginning FY 01/02, the drug court program will be administered by the state Supreme Court, and drug court funding budgeted to the Office for Addictive Disorders, up to \$9.75 million, will be transferred to the Supreme Court. An additional \$5 million in TANF funds is budgeted to the Supreme Court in the judicial appropriation bill for drug court purposes.

Social Services

- **\$22.5 million and 53 positions were transferred from DSS agencies to the Office of the Secretary in order to affect the consolidation of major information technology functions and services.**

Staff who had over 50% of their time devoted to information technology functions, or were assigned full-time to an IT project were selected for transfer. DSS plans to create a user coordination function within the Information Services Division to allow the interface of program policy and IT technology.

- **\$17.6 million in additional payments in the Child Care Assistance Program is appropriated to address the waiting list (\$5.2 million State General Fund).**

The waiting list is currently between 3,500 and 4,000. The state still has over \$9 million in federal Child Care Development Matching funds that could be drawn down if sufficient State General Fund were allocated.

- **\$3.6 million in additional funding for eligibility staff salary reallocation is provided (\$1.08 million State General Fund).**

This addresses the major impact of welfare reform on the job duties and responsibilities of the eligibility workers. Approximately 1,225 employees will receive pay increases as a result of this pay plan.

- **\$2.5 million is provided for enhanced fraud detection activities including development of a comprehensive case management system and a recovery account system**

Funding of these one-time enhancement costs is provided from the fund balance in the Fraud Detection Fund. As a result of findings of the House Select Committee on Fiscal Affairs (SCOFA), HB 1565 by LeBlanc, modified the allowable uses of the fund to facilitate use of the balance.

- **(\$11.6 million) decrease in Federal Funds is due to the transfer of the federal grants for emergency assistance and home weatherization services to the Louisiana Housing Finance Authority.**
- **(\$1.99 million) for the elimination of 76 positions through personnel reductions and attrition adjustments (\$1.7 million State General Fund)**

Health Care Services Division (HCSD) Hospitals

Total funding for HCSD hospitals is \$794,365,542, which is \$5.4 million or 0.7% greater than the FY 00/01 budget.

Program	FY 01/02		Change from FY 00/01	
	\$	T.O.	\$	T.O.
Administration	29,065,348	140	(299,020)	0
E.A. Conway	58,754,834	865	(50,066)	0
Earl K. Long	79,851,108	907	3,345,192	0
Huey P. Long	45,421,991	569	32,345	0
University	59,501,599	776	87,935	0
W.O. Moss	29,205,230	428	124,069	0
Lallie Kemp	29,188,427	471	36,980	0
Washington-St. Tammany	14,920,024	206	17,600	0
L.J. Chabert	59,767,516	830	1,652,862	0
MCLNO	388,689,465	4,339	455,928	0
TOTAL	794,365,542	9,531	5,403,825	0

- **\$2.8 million is added for HIV and AIDS drugs for uninsured patients.**

This increase reflects the increase in the state's federal Ryan White grant received by the Office of Public Health and transferred to HCSD hospitals.

- **\$2.6 million is added to Earl K. Long Medical Center to address a nursing shortage and medical education accreditation issues.**
- **\$1.6 million is added to Leonard J. Chabert Medical Center to maintain outpatient clinic services.**
- **\$1.6 million is added to the Medicaid budget in the event that Washington-St. Tammany Medical Center merges operations with Bogalusa Community Hospital.**
- **HCSD is authorized to implement its "business enterprise model" pursuant to Act 1024 of 2001 Regular Session.**

Act 1024 (SB 739 by Schedler) provides for a four-year experiment with a "business enterprise model" for Health Care Services Division hospitals. It allows all HCSD revenues and expenditures, except State General Fund, to be deposited directly into a restricted fund without appropriation. The bill allows HCSD to retain a portion of any net surplus (actual revenues less actual expenditures) it generates from Medicaid and non-Medicaid revenues during this experiment. HCSD will share its net surplus with various stakeholders during the first two years of the experiment, and retain 100% of the net surplus in years three and four. The bill provides for enhanced oversight by and financial reporting to the legislature during the first two years, and in years three and four gives HCSD hospitals more autonomy at the same time as it opens state uncompensated care payments to greater market competition.

TRANSPORTATION

- **\$1.5 million is appropriated for the purchase of a replacement airplane.**

For the second year, DOTD requested approval to purchase a larger airplane to replace the one currently used for aerial survey work. The House trimmed the requested amount from \$2.25 to \$1.5 million, the amount requested last year.

- **\$1.6 million is provided for contracts for Interstate rest area security and maintenance.**

These contracts will continue efforts begun this year to provide 24-hour security and to improve the overall condition and appearance of interstate rest areas throughout the state.

- **\$1.1 million funds an additional statewide signal crew.**

This additional signal crew will allow the state to reduce backlogs in installing signals throughout the state. This federally funded crew will be used to install signals at various accident sites statewide.

- **\$2.0 million is appropriated for an upgrade of department communications equipment.**

This funding will upgrade microwave and telephone communications throughout the state, including digital capacity for improved data communications with district offices.

- **\$1.0 million funds the upgrade of the PERBA permitting system remote and electronic commerce access.**

PERBA is the routing and permitting system for oversize and overweight vehicles. The planned upgrades will allow remote, electronic application for permits through the Internet.

- **The net increase in acquisitions is \$4.9 million, including over \$2.9 million in the District Operations Program for heavy equipment used by district maintenance crews.**

For the past four years, the department has been replacing old and obsolete equipment used by maintenance crews in all areas of the state. Other acquisitions include computer and other equipment at DOTD facilities around the state.

- **\$200,000 is provided for the General Aviation and Reliever Airport Maintenance Program.**

Money for this program which was eliminated in FY 00/01 is reinstated for FY 01/02. The program provides matching grants for maintenance costs at general aviation and reliever airports on a 50/50 matching basis with local funds.

- **\$220,000 is appropriated for the Louisiana Airport Authority.**

This funding will pay for expenses as the authority attempts to find other financing for a regional airport in to be located in the area between New Orleans and Baton Rouge

- **DOTD Managed Capital Outlay Projects**

Through several statewide Priority Programs and other capital outlay projects, DOTD will manage \$960.2 million of capital outlay funds for highways, the TIME program, ports, flood control and aviation projects. The table below compares spending authority for the highway programs FY 01/02 and the past two years.

These project categories in the table reflect the new project selection and prioritization system implemented by DOTD for FY 01/02. Comparable historical data are not available.

Allocation of Highway Capital Spending FY 01/02	
Preservation Projects	\$ Millions
Non-Interstate (Pavement)	\$150.0
Interstate (Pavement)	\$ 50.0
Bridge (On System)	\$ 87.0
Bridge (Off System)	\$ 21.0
Operations Projects	\$ 33.2
Safety Projects	\$ 47.4
Capacity Expansion Projects	
Regular Program	\$111.3
TIMED Program	\$ 72.0
Other Projects	
Federal Enhancement Projects	\$ 10.6
Urban Systems, Construction Mitigation and Air Quality	\$ 55.6
Federal Earmarks and Demonstration Projects	\$ 22.0
TOTAL	\$660.0

- **Other priority programs**

DOTD will use cash management to control total outlays for the state's port and flood control priority programs. The Port Construction and Development program appropriation of \$24.5 million will support existing projects and authorize new projects not to exceed \$24.5 million. In the Statewide Flood Control program a \$10 million appropriation (up by \$5 million from FY 00/01) will continue existing projects and allow new projects of up to \$10 million to start. The State Aviation Improvements Program will receive cash and bond funds of \$18,375,000 for continuing projects and up to \$5 million of new projects during FY 01/02.

MILITARY AND VETERANS AFFAIRS

Military Affairs

- **\$19.6 million in total state and Federal Funds is appropriated for the Youth Challenge Program including the operation and maintenance of the Gillis W. Long Hansen's Disease Control Center Carville Complex.**

H.R. 2264 of the 1997 U.S. Congress transferred ownership of Gillis W. Long Hansen's Disease Control Center to the state of Louisiana. The Governor's Office of Military Affairs is currently utilizing the facility to operate the Youth Challenge Program and a Job Challenge Program. Future plans include the establishment of a federal Job Corps Center and 100-bed nursing care facility for War Veterans.

The Carville Academy aids high school dropouts in acquiring life enhancing and employable skills. Participants aged 16-19 are unemployed, drug-free, and free from serious involvement with the legal system. The program consists of a five-month residential training program and twelve-month post-residential mentor phase. In lieu of the \$1,200 stipend normally awarded to program graduates, the combined program offers the graduate a position in the Job Challenge Pilot Program (see below). There are two classes a year with 200 slots per class.

Enhancements to the program will allow for the establishment of a third site in Minden, Louisiana. \$1 million in additional State General Fund, made available through a change in TANF Maintenance of Effort funding, was used to match additional Federal Funds.

- **\$951,000 in state and Federal Funds fund the Job Challenge Program.**

In January 1999, the U.S. Department of Labor announced that the Carville Academy would be a Job Corps Center. Due to the delay in the implementation of this Center, Military Affairs, state officials and private industry are working together to offer a job training program for graduates of the Youth Challenge Program. Training is offered in welding, carpentry, heavy equipment, nursing assistance and food service. In FY 00/01 the program was funded with \$400,000 in Federal Funds through the Louisiana Department of Labor. Enhancements to this program include \$300,00 in State General Funds as well as \$251,000 in Federal Funds transferred from the Department of Social Services. Some 195 youths are expected to graduate from the Job Challenge Program with 80% placed in jobs statewide.

- **The Capital Outlay Bill provides \$23.8 million for various projects statewide.**

These projects are funded by \$28.2 million in Federal Funds and \$12 million in General Obligation Bonds in Priorities 1, 2, and 5 and include:

\$36.1 million for infrastructure construction and renovation

\$ 4.1 million for regional hazard mitigation projects

Veterans Affairs

- **The Capital Outlay Bill provides \$11.3 million for a new War Veteran's Home and Cemetery.**

The Southwest La. War Veterans Home in Jefferson Davis Parish is funded with \$2.1 million in Priority 1 and \$3.4 million in Priority 5 General Obligation Bonds. There is also \$5.8 million in Federal Funds for the planning and construction of a new War Veterans Cemetery which will be located in Caddo parish.

In addition to funding through the Department of Veterans Affairs, the Department of Military Affairs is appropriated \$2.1 million for renovations to the Gillis W. Long Hansen's Disease Control Center Carville Complex. These renovations will provide Veterans Affairs with a 100 bed nursing care facility.

PUBLIC SAFETY AND CORRECTIONS

Corrections

- **A \$16.5 million reduction in Sheriffs Housing of State Inmates due to changes in sentencing guidelines was used to help fund rehabilitation and alternative treatment programs for offenders as well as provide for 75 new probation and parole officers.**

Act 1163 (HB 665 by Odinet), substitutes inpatient substance abuse treatment and home incarceration in lieu of imprisonment for 3rd and subsequent DWI offenders and requires imprisonment if the offender fails to complete substance abuse treatment or violates a condition of home incarceration. It is projected that some 535 offenders will be diverted from incarceration in a secure facility to home incarceration as a result of this bill. Of total savings of \$4.3 million, \$586,000 was used to provide funding for electronic monitoring and \$2.2 million was used to provide substance abuse treatment services in the Department of Health and Hospitals, Office of Addictive Disorders, resulting in a total net savings of \$1.5 million.

Act 1139 of the 2001 Regular Session (SB 1011 by Lentini) establishes a pilot program of home incarceration for non-violent first offenders using electronic monitoring. It is projected that some 610 offenders will be diverted from incarceration in a secure facility to home incarceration as a result of this bill. Of total savings of \$4.9 million, \$668,000 was used to provide funding for an additional 18 probation and parole officers as well as electronic monitoring of these offenders resulting in a total net savings of \$4.3 million.

Act 403 of the 2001 Regular Session (SB 239, by C. D. Jones) repeals minimum mandatory sentences, reduces the length of sentences, and allows for probation and parole for certain offenses. The bill further creates the Risk Review Panel to assess certain offenders who have been incarcerated and make recommendations to the Probation and Parole Boards for clemency or parole. It is projected that some 1,247 offenders will be diverted or released from secure facilities as a result of this bill. Of total savings of \$5.0 million, \$2.5 million was used to provide for an additional 57 probation and parole officers as well as costs related to the Risk Review Panel, resulting in a total net savings of \$2.5 million.

Due to enhanced funding for drug courts, it is projected that some 150 offenders will be diverted from incarceration in a secure facility to a drug court program. Of total savings of \$1.2 million, \$300,000 was used to provide for an additional 5 probation and parole officers resulting in a total net savings of \$900,000.

- **\$16.8 million provides for the annualization of salary increases for Correctional Security Officers and Probation and Parole Officers**

In FY 00/01, the department received \$5.2 million which provided a 4% increase for entry level officers. In February 2000, the department received approval from the Joint Legislative Committee on the Budget to use \$7 million in surplus funds in Sheriff's Housing of State

Inmates to continue the implementation of these base salary adjustments. This recommended amount annualizes the funds provided in FY 00/01. The across-the-board increase of \$200 per month is available for all correctional security officers up to the wardens. It will provide an 11% increase for entry level probation and parole officers (\$20,892 annually to \$23,292) and a 15% increase for entry level correctional security officers (\$15,948 annually to \$18,348).

- **\$10.8 million allows for the continued implementation of the Juvenile Justice Settlement Agreement.**

In October 2000, the state officially settled a Department of Justice lawsuit over conditions in the state's juvenile prisons. In FY 00/01, \$11.2 million was appropriated to begin the implementation of the medical, mental health and dental component at Jetson Correctional Center for Youth (JCCY) in Baton Rouge. This funding continues the implementation of the settlement agreement. The DOC has contracted with the LSU Health Sciences Center to provide the delivery of services. LSUHSC will provide comprehensive health care, dental care and mental health assessment for all youths entering Corrections Services annually. Additionally, it will provide curriculum development and training for new employees, provision and development of tele-health infrastructure, and development of a computerized database and record keeping system.

- **\$5.0 million in Federal TANF Funds (Temporary Assistance for Needy Families) from the Department of Social Services provides for expansion of educational and rehabilitation programs.**

\$1.4 million for the *Job Skills Education Program (JSEP)* will be used to expand a rehabilitation program at four adult institutions (Phelps, Angola, WTF North and Wade) which were not part of the phase one implementation. The program consists of an educational station, a vocational station and an after care treatment program. An in-prison case manager prepares inmates for upcoming release and a community resources specialist supervises and monitors former inmates for 12 months following release. \$400,000 for *Project Metamorphosis* will be used to continue this program that includes life skills, employability/work maturity skills, literacy, vocational training, job or school placement and follow-up. \$200,000 for the *Concordia Parish Correctional Facility Life Skills/Pre-Release Program* attempts to equip a person to better govern motivation, emotional and anger control, stress management, problem solving, decision making, financial stability, and interpersonal communications which enable a person to have a higher quality of life and avoid anti-social activities. \$3.0 million for *Project Return* funds an aftercare program which provides transitional services to assist former offenders reintegrate into the community.

- **An additional \$2.0 million provides for an increase in per diem for detention centers holding juveniles prior to transfer to secure and non-secure facilities.**

Act 1018 of the 2001 Regular Session (Senate Bill 460 by Mike Smith) provides that the department pay an increased per diem with annual adjustments to any non-state owned facility for feeding and maintaining children adjudicated delinquent and committed to the

department by the court to be held in a secure environment for any reason. For FY 01/02 the per diem amount will be equal to 90% of the current weighted average of the state detention facilities, or \$86.78. Facilities holding children adjudicated delinquent and committed to a non-secure environment will continue to be reimbursed at the same rate as that paid to local jails.

- **An increase of \$883,000 will provide for the expansion of the IMPACT program.**

The Intensive Motivational Program for Alternative Correctional Treatment (IMPACT) is an intensive incarceration program located at Elayn Hunt Correctional Center (EHCC). It is a rigorous multi-faceted program emphasizing discipline, education and rehabilitative therapeutic programs in substance abuse and values re-orientation. IMPACT was authorized by statute in 1986 and currently has a capacity of 200. Act 253 of the 2001 Regular Session (HB 1039 by LeBlanc, et al.) allowed for an increase in the number of eligible participants in this program by deleting the restriction on eligibility to those who have never served time in a state prison. The additional funding will allow the program to expand to the David Wade Correctional Center located in North Louisiana.

- **The Capital Outlay bill provides \$79.8 million for a variety of projects at correctional facilities.**

These projects are funded by \$3.4 million in Federal Funds and \$76.5 million in General Obligation Bonds in Priorities 1, 2, 3, 4 and 5 and include:

- **\$ 6.0 million** for dormitory and cellblock planning and construction
- **\$21.1 million** for replacement and renovations to educational buildings, infirmary buildings and skilled nursing facilities.
- **\$ 5.6 million** for levee system improvements at Angola
- **\$ 2.0 million** for the Juvenile Justice Settlement Agreement
- **\$45.1 million** for mechanical, sewage and water treatment, sanitary renovations, Fire Marshal/Health Department upgrades and kitchen renovations.

Public Safety

- **\$2.7 million is provided for the implementation of the Combined DNA Index System (CODIS) and Forensic DNA program.**

The department requested \$2.8 million and 12 positions for testing of sexual and violent offenders to meet the mandates of Act 737 of the 1997 Legislative Session which required a DNA program be operational by September 1999 (this date was subsequently suspended due to a lack of funding). Due to problems encountered by other states, and the large volume of samples anticipated, the actual testing of the samples will be contracted out to a private lab. Additional personnel will manage and analyze the data obtained from DNA collections and establish a usable DNA data bank. It is anticipated that the information will serve all law enforcement agencies in the state and greatly enhance the probability of identifying and convicting suspects. A mandatory cost of \$250 will be imposed on any person convicted of a

felony sex offense or other specified offense and deposited in the DNA Detection Fund for use by the state police to assist in carrying out the provisions of the data base exchange. No funds have been collected to date.

- **\$4.9 million provides for the continued implementation of customer service programs and for the acquisition and implementation of new technology in the Office of Motor Vehicles.**

Act 1 of the 2000 First Extraordinary Session (HB 162 by Diez) approved an increase in handling fees charged by the Office of Motor Vehicles from \$5.50 to \$8.00. The additional revenues are to be credited to the Office of Motor Vehicles Customer Service and Technology Fund. The funds will be used for the acquisition of new computer equipment and upgrades to the data processing services.

ECONOMIC DEVELOPMENT

Reorganization of the Department of Economic Development

In January 2001, after the failure of the constitutional amendment to create “La Inc.”, the Governor signed an executive order creating a task force to study the reorganization of the Department of Economic Development. The task force recommended changes which resulted in enactment of Act 8 (HB 1448 by Pinac), which transferred certain entities to and from the department, and Act 9 (HB 1666 by Pinac), which provided for the new structure. This restructuring is reflected in the department’s reorganized budget as contained in the General Appropriation Bill.

- **Transfers certain boards and agencies and replaces the Office of Commerce and Industry and the Louisiana Economic Development Corporation.**

- LA Economic Development Council → Governor’s Office
- Red River Development Council → Department of Culture, Recreation and Tourism (CRT)
- Office of Financial Institutions → Executive Department
- LA Board of Cosmetology → Executive Department
- LA Racing Commission → Executive Department
- CRT’s Office of Film & Video (and 2 positions) → New DED
- Office of Commerce and Industry and Louisiana Economic Development Corporation (LEDC) merged into the new Office of Business Development in the new DED

- **Creates three programs in the new Office of Business Development.**

Business Services: includes local partners, Small and Emerging Business Development services, economic development grants coordination, Technology, Innovation and Modernization program, and communications/research.

Resource Services: includes business incentive programs such as the Economic Development Award Program, workforce training grants and loan guarantees.

Cluster Services: includes 19 positions and covers nine industry clusters.

- **Consolidates the Economic Development Award Program Fund, the Workforce Development and Training Fund and the Small Business Incubator Fund into the LEDC Fund.**

- Louisiana Economic Development Fund--\$22.6 million

Act 9 of the 2001 Regular Session eliminated the EDAP, Workforce Development and Small Business Incubator funds. These funds were merged into the Louisiana Economic Development Fund to be managed by the LEDC board of directors. The board was expanded slightly to include members of the venture capital community,

the private sector and the Workforce Commission. A quarterly report to the Joint Legislative Committee on the Budget will detail the projects funded during the quarter, in order to ensure accountability.

Act 7 (HB 1274 by Pinac) of the 2001 Regular Session provides for continuing the reduction from 1.5% to 1.1% in the vendor's compensation deduction for collection of sales taxes resulting in savings to the state. The first \$2 million of such savings will be deposited into the Marketing Fund and the remaining funds are allocated for deposit into the Louisiana Economic Development Fund. The passage of this Act provides a permanent source of funding for economic development incentives with the repeal of the two-year sunset provision.

- **Enhanced funding to support reorganization efforts is provided.**

- **\$1,500,000 State General Fund for transition costs including salary increases**

Additional funding for the reorganization of DED will be used for the eight regional representatives (local partners) located throughout the state (\$368,000); additional travel and training expenses (\$254,000); additional funds for regional allies (\$85,000); funds for targeted market research and micro manufacturing cluster (\$105,000); and funds for salary increases to attract highly qualified individuals to the cluster and business professional positions (\$688,000).

- **\$1,000,000 Transfer from Technology Innovations Fund for "e-readiness"**

Act 1182 (HB 1565 by LeBlanc) transfers \$1 million out of the fund into the State General Fund. This appropriation will be used to make the department fully web-enabled through the development of an interactive web site among other things.

Other Economic Development

- **\$7.5 million in State General Fund is provided for expenses associated with the location of three Service Zone facilities, one facility to be located in the City of Bogalusa.**

These facilities provide customer technical support services. \$1.5 million is allocated for the facility in the City of Bogalusa, and will be used to reimburse 50% of the estimated building cost. The company is anticipated to provide 300 jobs within the first two years of operation at this location. \$6 million is for two other facilities whose locations have not yet been identified.

- **\$5.8 million in State General Fund is appropriated for the LA Technology Park and Solid Systems in the City of Baton Rouge.**

The Technology Park will include an advanced commercial data center and a high-tech business incubator. It addresses the needs of high-technology businesses that have a large presence on the Internet and require secure data storage systems. Services will be provided through "ECOstructure", a new initiative involving EMC Corp., CISCO Systems, and Oracle Corp. All three companies are industry leaders in information storage systems. In the current

fiscal year, \$2.75 million is appropriated from the La. Economic Development Fund to renovate the 40,000 square foot facility to house the data center and to construct and furnish the 45,000 square foot incubator.

The Bond Commission approved a funding plan that would require the state to put up \$37.2 million over the next 8 years to help equip the center and to operate the business incubator. The Commissioner of Administration estimates that the project will create 400 high paying jobs each year through 2005.

- **\$5.0 million State General Fund is appropriated for technology-based economic development initiatives through the Lafayette Economic Development Authority.**

These funds will be used to further Vision 2020 goals related to economic diversification by fostering the growth of technology-based businesses in the Lafayette region.

- **\$4.0 million for the Economic Development Award Program (EDAP).**

In FY 99/00, a total of \$4.5 million was appropriated to this program, \$4.1 million in Capital Outlay funds and \$400,000 from interest earnings in the EDAP fund. For FY 00/01, \$5 million was provided contingent upon funding from the LA Public Facilities Authority and recognition by the Revenue Estimating Conference. Since these funds did not materialize, the program had no funding until \$1.1 million from interest earnings was appropriated through a BA-7 adjustment. For FY 01/02, \$4.0 million in State General Fund is appropriated to the La. Economic Development Fund for EDAP purposes.

- **\$1,675,000 in State General Fund is provided for the Sugar Bowl, the Independence Bowl and the New Orleans Bowl.**

The Sugar Bowl is appropriated \$1 million, the Independence Bowl \$375,000 and the New Orleans Bowl \$300,000. Funding for the Sugar and Independence Bowls was cut out of the budget in FY 00/01. The allocation for the Independence Bowl was \$250,000 in FY 99/00 therefore the FY 01/02 appropriation represents a \$125,000 increase from the historical funding level.

- **\$1.0 million in State General Fund is appropriated for Super Bowl XXXVI.**

This will support the bid for the bowl, which has been hosted in Louisiana eight times in the past. The total bid cost is \$5 million.

- **\$508,912 for the Office of Film and Video is transferred to DED from the Department of Culture, Recreation and Tourism (\$453,912 State General Fund) in accordance with Act 8 (HB 1448 by Pinac) of the 2001 Regular Session.**

This transfer, including a director and an assistance director would target the entertainment industry cluster for further development.

TOURISM AND CULTURAL DEVELOPMENT

- **\$2 million is appropriated for the Louisiana Library Connection.**

These funds are used to increase Internet and database access in local libraries by using existing state fiber-optic networks to take advantage of telecommunications discounts available to libraries.

- **\$1.5 million is appropriated for state aid to public libraries.**

These funds are used for acquisition of computer and telecommunications technologies by local libraries, including further automation of library operations. They may also be used for the acquisition of books, audiovisual materials, newspapers, and periodicals.

- **\$107,000 is appropriated for the Louisiana Delta Music Museum.**

This funding will be used for the operation and maintenance of the Louisiana Delta Music Museum, which has been added to the Secretary of State's office.

- **\$162,753 in additional funding is provided for the E.D. White Historical Site.**

The E.D. White Historical Site has been transferred from the Secretary of State to the Department of Culture, Recreation, and Tourism. An additional \$162,753 and four (4) positions are provided to meet accreditation requirements for the museum.

- **\$450,000 has been appropriated for property transferred from the Poverty Point Reservoir.**

Act 1080 (HB 1351 by Thompson) of the 2001 Regular Session provides for the transfer of a tract of land from the Poverty Point Reservoir to the Department of Culture, Recreation, and Tourism. These funds will be used for maintenance and operation of the land as a state park.

AGRICULTURE AND FORESTRY

- **\$33.6 million in Statutory Dedications is appropriated for the fourth year of the 5-year Boll Weevil Eradication Program and \$8 million from slot machine revenues and State General Fund is provided for debt service for the program.**

Of the \$33.6 million, \$27.6 million is to be used for the Northeast Eradication Zone, and \$6 million will be used for the Red River Eradication Zone. For the Northeast Eradication Zone, \$12.5 million will come from farmers (\$15 fee per acre), and \$15.1 million will come from a \$50 million loan the department secured for the program. Of the \$6 million for the Red River Eradication Zone, \$1.4 million will come from the farmers and \$4.6 million from the loan. There is also a total of \$8 million budgeted for debt service payment on this loan. Of the \$8 million for debt service, \$7,055,000 is from the Pari-Mutuel Live Racing Facility Gaming Control Fund (gaming revenue from slot machines at certain live horse racing tracks) and \$945,000 is from State General Fund.

- **\$2.0 million is appropriated for the Formosan Termite Initiative.**

The \$2.0 million appropriated for the Formosan Termite Initiative for FY 01/02 is a continuation of the FY 00/01 funding level. Funding for FY 99/00 was \$6 million. The purpose of the Formosan Termite Initiative (Act 486 of the 1999 Regular Session) is to assist in halting the rapid spread of the termite in the New Orleans and Lake Charles areas.

- **\$1.7 million in funding was restored including 32 positions which had been proposed for elimination in the Executive Budget.**

OTHER GENERAL GOVERNMENT

Executive Department

- **The Urban and Rural Development programs are continued with a 30% reduction in funding.**

The Office of Urban Affairs and Development was reduced \$3.1 million for a total funding level for FY 01/02 of \$6.9 million. The Office of Rural Development was reduced by \$2.8 million for a total funding level of \$6.7.

- **\$3.0 million in Federal TANF (Temporary Assistance to Needy Families) Funds from will be transferred from the Department of Social Services to the Governor's Office of Community Programs for faith-based initiatives.**

These funds will provide Pre-Kindergarten services to at-risk four-year olds in parochial schools in New Orleans through the Associated Catholic Charities.

- **Up to \$7.0 million in Federal TANF Funds will be transferred from the Department of Social Services to the Workforce Commission for education and training programs.**

The Workforce Commission proposes to fund activities, in both urban and rural areas, designed to help undereducated Louisiana adults get and keep jobs. Activities will be linked to family literacy, workplace readiness and skills training. The Commission will work with the LA CTCS to facilitate statewide implementation.

- **\$4.0 million in Federal TANF Funds will be transferred from the Department of Social Services to the Office of Women's Services domestic violence programs.**

The Office of Women's Services proposes to fund a number of projects related to domestic violence. Proposed projects include \$400,000 for training programs for social service workers and law enforcement personnel and \$1.4 million for children's services. A proposed \$2.1 million for a rural outreach project would provide services to victims of family violence by creating a community infrastructure involving law enforcement, the judiciary, social service providers, teachers, business owners and concerned citizens.

- **\$1.0 million in Federal TANF Funds will be transferred from the Department of Social Services to the Office of Women's Services for Micro-enterprise development.**

These funds will be used to provide business preparation, technical assistance, outreach, and start-up capital for development of small business enterprises of five or fewer employees or the self-employed. This assistance will be designed to promote self-sufficiency among low-income individuals.

- **The Office of Elderly Affairs received a \$2.0 million increase in Federal Funds for the Caregiver Program.**

The new national Family Caregiver Program distributes funding according to the percentage of persons 70 years of age and older and provides a minimum funding level for each state. Funds may be used to provide five categories of services authorized: 1) information on services; 2) assistance with access to services; 3) individual counseling, organization of support groups ,and caregiver training; 4) respite care; and 5) supplemental services on a limited basis. The federal award is \$1,535,025. The 25% state/local match for the program is \$486,092.

- **\$3.8 million is appropriated for the continuation of the Drug Abuse Resistance Education Program (D.A.R.E) program.**

Some 100 local police departments and sheriff's offices in 62 participating parishes will continue to receive grants allowing them to reach approximately 400,000 children.

Elections

- **Merger of the Department of Elections and Registration with the Department of State**

Effective January 2004, the Department of Elections and Registration will be merged into the Department of State. Consolidation of the two departments' computer systems and the elimination of the duplication of functions and responsibilities in each office are expected to result in savings of \$856,465 for FY 03/04 and \$1,712,930 for FY 04/05 and every year thereafter.

Natural Resources

- **\$10 million is appropriated for the Holly Beach Breakwaters Project.**

An increase in mineral revenues recognized by the Revenue Estimating Conference resulted in an additional \$10 million deposited into the Wetland Conservation and Restoration Fund. This additional funding will be used in a sand management re-nourishment plan for the Holly Beach Breakwaters Project. Holly Beach is an ongoing \$19 million project to prevent coastal erosion and saltwater intrusion into a freshwater marsh.

- **\$2,993,000 in Federal Funds is provided for the Brown Marsh Research, Mitigation and Nutria Control Project.**

Louisiana will receive almost \$3 million in Federal funding for research into the brown marsh phenomena, nutria control, and mitigation.

- **\$26.4 million is appropriated for the new Federal Coastal Impact Assistance Program**

An additional \$26.4 million in Federal funds is appropriated for FY 01/02. This funding will be used for a grant program designed to mitigate impacts of oil and gas activity in coastal parishes.

- **\$538,000 is provided for the development of a state groundwater plan.**

Act 446 (SB 965 by Hoyt) of the 2001 Regular Session calls for a statewide groundwater plan that will facilitate the management, protection, and regulation of the state's groundwater resources. An amount of \$538,000, including two (2) positions, has been appropriated to assist in the development of this plan.

Environmental Quality

- **The Barataria-Terrebonne National Estuary Program and associated funding of \$2,012,347 has been transferred to LUMCON.**

The Department of Environmental Quality's budget was reduced by \$2,012,347 and five (5) positions due to the transfer of the Barataria-Terrebonne National Estuary Program to the Louisiana Universities Marine Consortium (LUMCON).

Labor

- **Reductions of \$3.8 million were made in the Department of Labor's budget due to the elimination of 72 positions (\$110,296 State General Fund).**

These positions were eliminated through attrition adjustments and personnel reductions. Salary base adjustments and merit increases were funded by these reductions and salary funding from other line items.

- **A reduction of \$2.2 million in State General Fund match for the 1st and 2nd Welfare-to-Work (WtW) grants was made based on expected grant expenditure levels.**

Congress amended the program in 1999 broadening the criteria used to determine eligibility and the types of allowable activities. Major changes in these areas are described below.

Eligibility

At least 70% of grant funds must be expended on long-term TANF recipients who meet 2 of 3 specified barriers to employment; and on noncustodial parents who meet specified barriers and whose children meet the definition of a "long-term" TANF recipient.

No more than 30% of grant funds may be spent on "other eligibles." Such eligibles are those who exhibit characteristics associated with long-term welfare dependence, such as having dropped out of school, teenage pregnancy, or having a poor work history. Persons aged 18-24 years who were recipients of foster care maintenance payments are also eligible under this

provision. The last eligibility group includes custodial parents with incomes below the poverty line or certain disabled custodial parents.

Allowable Activities

Funds may be used to help move eligible individuals into long-term unsubsidized jobs using strategies such as:

- Job creation through short-term public or private sector wage subsidies
- On-the-job training
- Job placement
- Post-employment services, including basic educational skills training, English as a Second Language and occupational skills training
- Job retention and supportive services to those who are placed in a job readiness activity if the services are not otherwise available to the recipient, including transportation, non-medical substance abuse treatment, individual development accounts and housing assistance
- Six months of pre-employment job training or vocational educational training.

All of these changes have helped the department spend more of the WtW dollars than in the past; however, the projected expenditure levels will not use all available grant funds, allowing a reduction in the required state match for FY 01/02.

Other Requirements

- **The Parish Transportation-Mass Transit Program was increased \$500,000.**

This program was reduced from \$6 million to \$4.5 million in FY 00/01. This \$500,000 increase from the Transportation Trust Fund brings Mass Transit funding to a total of \$5 million and will provide for additional funds to the parish governing authorities of East Baton Rouge, Ouachita, Rapides, Lafayette, Calcasieu, Caddo, and St. Bernard.

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TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

- **\$69.9 million Federal Funds added to support expanded TANF initiatives.**

The House of Representatives Select Committee on Fiscal Affairs (SCOFA) examined the expenditure of TANF Block Grant funds in the Department of Social Services (DSS) and found that a large balance of unused funds had accumulated since the program was first implemented in 1997. As of March 31, 2001 the balance was \$193 million.

During the anticipated 2002 Congressional reauthorization debates, the issue of unspent TANF funds will be closely scrutinized, and changes are certain to affect the funding levels of states such as Louisiana that have large balances. To demonstrate the state's commitment to the responsible expenditure of TANF funds, the SCOFA committee recommended a number of options to develop new and expanded programs targeted at fostering self-sufficiency and reducing poverty. The legislature implemented many of these recommendations and allocated funds for specific initiatives, including an addition of \$69.9 million in federal TANF funds to support these new initiatives.

The department is required to submit an implementation plan to the Joint Legislative Committee on the Budget no later than August 15, 2001. While brief descriptions of each initiative are provided below, the exact structures are subject to change until this plan is approved by the committee.

Each of these programs must comply with federal regulations and meet one of the following TANF goals: (1) to provide assistance to needy families; (2) to end the dependence of needy families by promoting work, job preparation and marriage; (3) to reduce out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of 2-parent families.

- **\$17.5 million for a new Energy Assistance program**

The program, to be administered by the Louisiana Housing Finance Authority (LFHA), will provide a voucher for a 6-month period for Family Independence Temporary Assistance Program (FITAP) and Kinship Care recipients.

- **\$15.0 million for a new Pre-Kindergarten program for at-risk four-year olds**

This program is to be implemented by the Department of Education in accordance with Act 1146 of the 2001 Regular Session (SB 776 by Bill Jones) which establishes the new program.

- **\$14.0 million for a new Pre-GED, dropout prevention program**

This program, to be administered by the Department of Education, targets young students for training and skills development.

- **\$10.0 million for expanded education and training services**

This program is to be implemented by the Department of Education (\$3 million) and the Workforce Commission (\$7 million). Services will enhance the basic skills and literacy levels of former FITAP recipients and the working poor.

- **\$10.0 million for the existing Wrap-Around Child Care Program**
This program was first established by DSS in 1999 and due to delays in implementation, the allocation was decreased from its previous level of \$24 million. Summer and before/after school child care services are provided to working parents.
- **\$5.0 million for drug court expansion (an additional \$2.8 million State General Fund enhancement is provided in DHH)**
\$5 million in TANF funds will be used to increase the number of slots in existing courts and the number of drug courts. Also, a State General Fund increase of \$2.8 million is provided for drug courts in DHH, Office of Addictive Disorders through use of LEAP remediation funding to satisfy part of the TANF maintenance of effort. This brings total drug court funding to \$14.7 million, to be administered by the Supreme Court.
- **\$7.0 million for enhanced teen pregnancy prevention**
Enhanced funding is provided for this existing program, which was previously funded at \$5.5 million, to be administered by the Department of Social Services.
- **\$5.0 million for criminal justice initiatives**
These funds administered by the Department of Public Safety and Corrections, Corrections Services will provide: \$3 million for Project Return, an after care program for ex-convicts, to expand in New Orleans, Shreveport and Lafayette; \$1.4 million for the Job Skills Education Program; \$400,000 for Project Metamorphosis; and \$200,000 for Concordia Parish Correctional Facility Life Skills/Pre-Release Program.
- **\$4.0 million for expanded domestic violence initiatives**
This is to be administered by the Office of Women's Services for rural outreach, training for law enforcement personnel and DSS staff, and services to children in shelters.
- **\$3.6 million for additional funding for Court Appointed Special Advocates**
This is to be administered by the Supreme Court and meets the TANF goal of aiding in the formation of two-parent families.
- **\$3.5 million for expanded transportation services to be implemented by DSS**
- **\$3.15 million for After-School Tutorial Programs**
This funding will be administered by the Department of Education.
- **\$3.0 million for new housing support services**
This is to be implemented by DSS and will target FITAP, Kinship Care recipients, and other low-income families for housing support, such as home repairs and weatherization.
- **\$3.0 million for the expansion of the Kinship Care program**
The expansion implements Act 857 of the 2001 Regular Session (HB 947 by Broome), which broadens the program's eligibility criteria.
- **\$3.0 million for the Associated Catholic Charities in New Orleans for faith-based initiatives**
These funds, administered by the Governor's Office of Community Programs, will support early education services for four-year olds in Orleans Parish nonpublic schools.

- **\$2.25 million for expanded up-front diversion services for youths aging out of foster care**
The funds will be transferred to the Office of Community Services in DSS to assist youths obtain housing, transportation, training and education or jobs.
- **\$2.0 million for non-medical substance abuse treatment services**
This funding will be transferred to the Office of Addictive Disorders to developing treatment and prevention program for women with children. A portion of the funds will be used to reimburse this agency's cost incurred for providing drug testing, screening, and treatment for FITAP recipients.
- **\$2.0 million for a new Individual Development Account program**
The program, to be administered by DSS, will use TANF funds to match individual contributions to these savings accounts to assist in the purchase of a home, education, or in the capitalization of a small business.
- **\$1.1 million to expand truancy centers**
This funding is to be transferred to the Supreme Court and is an addition to \$2,785,000 in State General Fund appropriated for the program. Act 745 of the 2001 Regular Session (SB 992 by Ullo) provided for expansion of the program.
- **\$1.0 million for new fatherhood programs**
Funding will be used to implement provisions of Act 639 of the 2001 Regular Session (HB 1771 by Pratt), establishing the Fatherhood Council to implement the Fatherhood initiative. Other projects could focus on working with incarcerated non-custodial parents and improving access and visitation.
- **\$1.0 million for a new micro-enterprise development initiative**
This initiative is to be administered by the Office of Women's Services in collaboration with the Department of Economic Development. The initiative will provide support, technical assistance, and training to TANF eligible individuals who desire and have the capacity for self-employment. By encouraging self-employment, this initiative will create jobs and can raise income and asset levels.
- **\$750,000 for evaluation and monitoring of the new initiatives**
Funding and two positions will be transferred the Division of Administration for monitoring, oversight, and improved coordination.
- **\$100,000 for two additional positions in the Department of Social Services**
- **(\$9.0 million) decrease in State General Fund allocated as "Maintenance of Effort" (MOE) funds required for receipt of the TANF grant.**
By designating \$9 million in State General Fund spent on LEAP remediation in the Department of Education as MOE, a like amount of State General Fund appropriated as MOE to DSS was redirected to other programs to expand services for children and families. Specifically, \$5.2 million was used to draw down additional Federal Funds in the Child Care Assistance Program, \$2.8 million supported the expansion of drug courts, and \$1 million was used to expand the Youth Challenge Program.

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TOBACCO FUNDS

Louisiana will receive approximately \$166 million in FY 01/02 in payments under the 1998 settlement with the tobacco industry. These monies are dedicated for deposit into the Millennium Trust Fund and the Louisiana Fund.

Millennium Trust

The Millennium Trust is a permanent trust fund into which a portion (60% in FY 01/02; 75% in FY 02/03) of the tobacco settlement revenues are deposited. Only investment earnings on the Trust may be spent. All investment earnings are credited, one-third each, to the Education Excellence Fund, the Health Excellence Fund and the TOPS Fund within the Millennium Trust. An exception to this is that each fiscal year through FY 02/03, an extra 10% of each year's total settlement revenues must be credited to the Education Excellence Fund and is available for appropriation to public schools. This is why the appropriations from the Education Excellence Fund are so much larger this year than those from the Health Excellence Fund and TOPS Fund. Total appropriations from funds within the Millennium Trust for FY 01/02 are \$20.8 million, as follows:

- **Education Excellence Fund**

\$ 17.3 million	Allocated to local school systems to be used for Pre-Kindergarten through twelfth grade instructional enhancement, including charter schools
\$ 400,676	Allocated \$75,000 to each school plus a per pupil amount equal to that of public schools to the five state special schools: Louisiana School for the Deaf; Louisiana School for the Visually Impaired; the Louisiana Special Education Center; the Louisiana School for Math, Science and the Arts; and the New Orleans Center for Creative Arts
\$ 210,000	Allocated for nonpublic schools

- **Health Excellence Fund**

\$ 1.4 million	For competitively awarded health sciences research grants administered by the Board of Regents
\$ 200,000	For support of the Louisiana Children's Health Insurance Program (LaCHIP)

- **TOPS Fund**

\$ 1.3 million	Support of the TOPS Program
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Louisiana Fund

The Louisiana Fund is a special fund within the state treasury, into which a portion (30% in FY 01/02) of the tobacco settlement revenues are deposited. All monies in this fund are available for appropriation. Total appropriations for FY 01/02 are \$61.8 million, as follows:

\$	357,247	Attorney general for activities related to the settlement
\$	35.2 million	Medicaid program (includes \$3.7 million in fund balance)
\$	1.5 million	State matching funds for Starting Points pre-school program
\$	500,000	For smoking cessation programs
\$	6.4 million	For support of school-based health clinics through the Office of Public Health (includes \$580,000 in fund balance)
\$	17.8 million	For competitively awarded health sciences research grants administered by the Board of Regents (includes \$7.5 million FY 00/01 carry-forward)

Tobacco Securitization

Act 1145 of the 2001 Regular Session (SB 632 by Dardenne) provides for the securitization of a portion of Louisiana's tobacco settlement. The reason for such a securitization is to "hedge" the state's risk and ensure a portion of these revenues in case of a bankruptcy by one or more of the major tobacco companies.

The Tobacco Settlement Financing Corporation is established as a special purpose corporation governed by a board of directors consisting of the governor, the state treasurer, attorney general, president of the Senate, and the Speaker of the House. The board also consists of one member from each congressional district and one at-large member to be appointed by the governor.

The corporation will essentially buy a portion of Louisiana's tobacco revenues. These revenues will be pledged to secure a bond issue of the corporation. The proceeds of this bond issue will be used to pay the state for the tobacco revenues purchased by the corporation.

No more than 60% of Louisiana's tobacco settlement revenues can be sold to the corporation. Any such sales by the state require approval by the State Bond Commission and the Joint Legislative Committee on the Budget. Bonds sold by the corporation are not bonds of the state.

In the event that the securitization is made in FY 01/02, the state treasurer will deposit into the Louisiana Fund an amount from proceeds of the securitization which together with other deposits will ensure that \$50 million is deposited in the fund that fiscal year. Otherwise all monies received by the state pursuant to the securitization will be deposited in the Millennium Trust.

The corporation is subject to the Code of Governmental Ethics, Open Meetings Law, and Public Records Law and Bond Validation Procedures Law.